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IN THE MATTER OF The Public Inquiries Act, being
Chapter 258 of The Revised Statutes of Alberta,
1955, and Amendments thereto; and,

IN THE MATTER OF an Inquiry by a Royal Commission
into the matters set out in Order-in-Council
861/67 respecting the use or attempted use by
Edgar W. Hinman of his office as a member of
the Executive Council of Alberta.

PROCEEDINGS BEFORE
THE HONOURABLE MR. JUSTICE
W. J. C. KIRBY

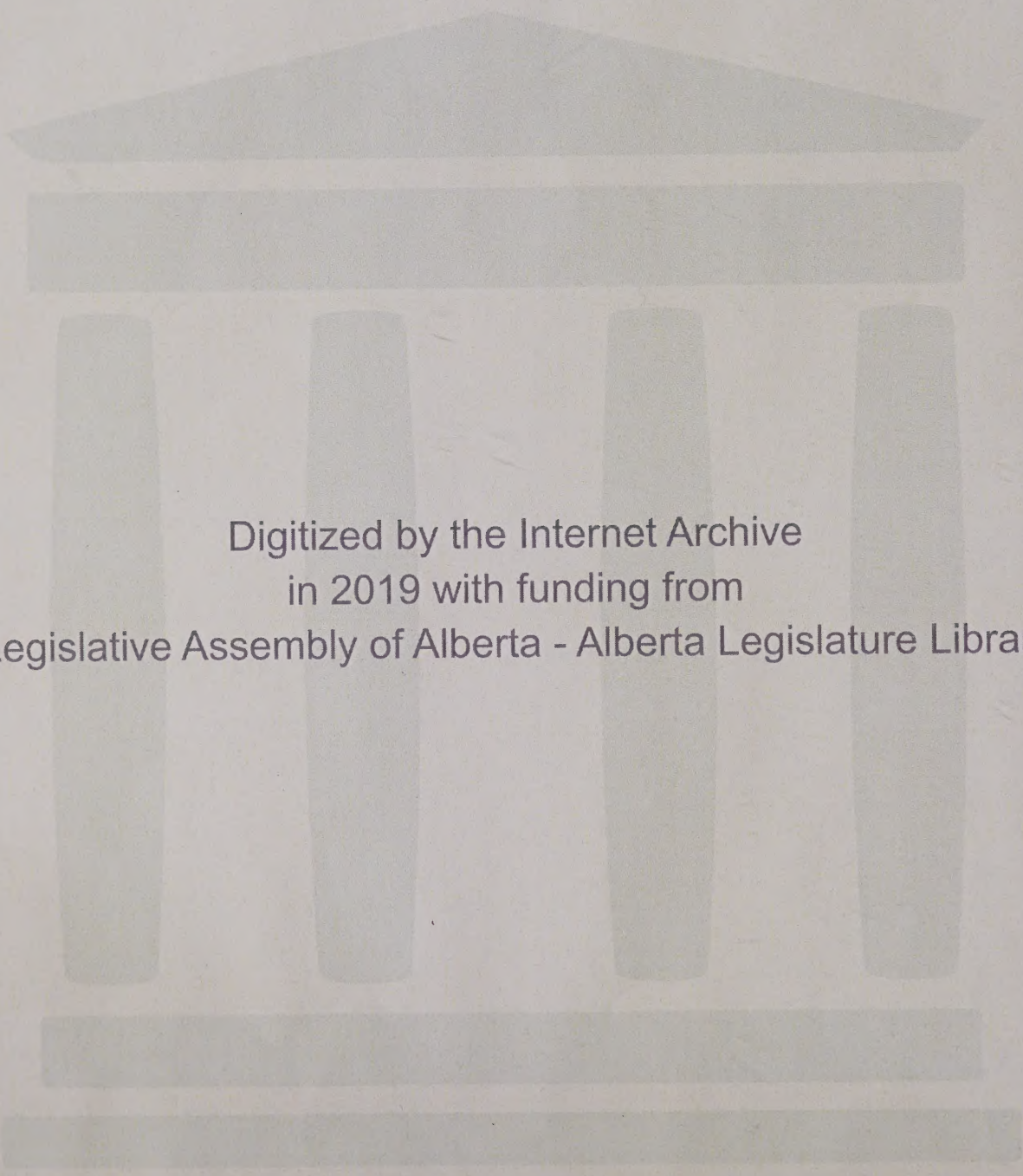
C. W. Clement, Esq., Q.C.,	Commission Counsel
S. A. Friedman, Esq., Q.C.,	Departments of Government
G. H. Steer, Esq., Q.C.,	Mr. J. Superstein
D. H. Bowen, Esq., Q.C.,	Liberal Association of Alberta
J. D. Hill, Esq.,	Progressive Conservative Party of Alberta

W. ALAN SHORT, ESQ.,
Clerk to the Commission.

VOLUME No. 51

DATE May 28, 1968
.....
(Pages 5536 - 5663)

Supreme Court Reporters
EDMONTON, ALBERTA



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I N D E X

V O L U M E 51

May 28, 1968

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WILLIAM FRYA TAYLOR

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Examination by Mr. Clement

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P.W. Hinman - Client Ex.

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E.W. Hinman - Clement Ex.

PROCEEDINGS before The Honourable
Mr. Justice W. J. C. Kirby, this
28th day of May, A.D., 1968, at
9:00 o'clock in the morning, at
the Court House, in the City of
Edmonton, Province of Alberta.

EDGAR W. HINMAN, recalled, examined by Mr. Clement:

MR. CLEMENT:

Sir, you will recall that during the

course of last week's Hearing there were a few matters that Mr. Hinman was asked to bring with him this morning, and he has I think all of them so far as I can determine at the moment, except his income tax returns. You will recall, sir, you suggested to Mr. Hinman that before he took any position about that at all he should consult counsel. He tells me he has consulted Mr. Stanley McCuaig, Q.C., and that Mr. McCuaig has advised him that the privilege accorded by The Income Tax Act should not be breached for this Inquiry.

THE COMMISSIONER:

Well, I take the view that in the

absence of any particular evidence pointing to the fact that Mr. Hinman's income tax returns might reveal any information, I don't consider it appropriate to require him to produce his income tax returns. I took the same position in the other portion of the Inquiry, and I think it is the correct position, that in the absence of anything pointing to Mr. Hinman having received some money improperly, that his income tax returns are privileged; and I don't propose to require

1-B-2

E. W. Hinman - Clement Ex.

THE COMMISSIONER: (Cont.) him to produce them for examination.

MR. CLEMENT: Thank you, sir.

Q MR. CLEMENT: Now, Mr. Hinman, you acknowledge that you are still under oath for the purposes of this Inquiry?

A I do.

Q You were asked to produce some additional material. The first I turn to, Mr. Hinman, is the bank account that you had with the Toronto Dominion Bank for the month of August 1962. As I recall it was on July 27th 1962 that Mr. Superstein put the sum of \$5,000.00 to your credit?

A That is as I remember it, that's right.

Q Yes. Will you identify this statement, Mr. Hinman?

A Yes, I do.

Q May I have this marked then sir, upon the footing that it will be photographed and the photograph made the Exhibit, sir, so that this may be returned to Mr. Hinman.

THE COMMISSIONER: Yes, would you identify it, please?

MR. CLEMENT: It is the bank statement of Mr. Hinman with the Toronto Dominion Bank for a period commencing July 31st 1962 and ending August 31st 1962.

THE COMMISSIONER: Exhibit 529.

BANK STATEMENT, TORONTO DOMINION
BANK AND HINMAN, JULY 31st, 1962
TO AUGUST 31st, 1962, MARKED
EXHIBIT 529.

Q MR. CLEMENT: Mr. Hinman, this does not appear to show the deposit of \$5,000.00 which was spoken of?

A No, that would have been made earlier. I am sorry, I

1-B-3

E. W. Hinman - Clement Ex.

A (Cont.) thought I had the other statement with me but I don't.

Q I see. In any event, if that were made on July 27th, 1962, we come to July 31st and the opening balance in this statement then is \$8,856.32; would that include the \$5,000.00?

A Yes, it would.

Q That would include the \$5,000.00 you have spoken of?

A Yes.

Q Had there been any chequing in your recollection between July 27th and July 31st?

A I don't recall any.

Q Nothing of consequence?

A No.

Q So that this then would fairly represent the expenditure of the \$5,000.00?

A That and succeeding ones, the cheques are here.

Q Well, I observe that by August 31st the account had got into a debit position?

A Yes.

Q So that the \$5,000.00 along with what other monies you did have in the account at the moment of that deposit, all those were expended before the end of August of 1962?

A That's right.

Q Now, from this then sir, can you tell me approximately what expenditures were made of that \$5,000.00?

A Sir, I have given you cheques which are in order I think.

Q Yes, I have not disturbed the order.

1-B-4

E. W. Hinman - Clement Ex.

A Each of those is marked.

The first one which shows here is July 27th, which was the date I wrote the cheque, it was to Mr. M. J. Ostach of the White Rose station in Cranbrook where the ranch had been purchasing gasoline.

The second one, July 27th, was to Mr. Sommerfeldt who operated the ranch, for \$850.00, and I think he deposited in the account up there at the Royal Bank.

Q Well, just at this stage, if I recall what you said, Mr. Hinman, that ranch, those partnership businesses had their own partnership accounts, did they, their own partnership bank accounts I should say?

A There was an account in Cranbrook, Mr. Layton paid the expenses, the few who were in Pincher Creek, from an account which he maintained at the Imperial Bank.

Q Yes?

A These went to Cranbrook, these, directly.

Q Were any of those other accounts frozen pending -

A Just the one at Pincher Creek, yes.

Q Just the one at Pincher Creek?

A Yes.

Q These accounts then extend beyond anything incurred at Pincher Creek?

A That's right.

Q And why was it necessary for you to pay out of your account?

A Well, I could have done it two ways except that I wanted to have verification of these accounts, so I went to Cranbrook,

1-B-5

E. W. Hinman - Clement Ex.

A (Cont.) got the actual accounts, and paid them myself so that there would be no question about it -

Q Yes.

A - if the estate were held up.

Q It was your wife that was executor of the will?

A No, his wife.

Q His wife, yes, and you were assisting her, were you?

A Yes.

Q His wife was the executor and you were assisting her in this?

A That's right.

Q Well, I am sorry to have interrupted you. Will you proceed with your explanation of the relevant disbursements?

A Well, the third one, the fourth one is to Mr. F. J. Wheeler.

Q Perhaps for convenience of counsel, Mr. Hinman, you might just mention the amounts as we go along so that we can come to some totals?

A All right, there is \$400.00.

Q The first one was \$400.00?

A No, do you want the first one?

Q Yes?

A Is \$100.15.

Q Yes?

A Then \$850.00 and then \$400.00.

Q Yes?

A And then \$150.25.

Q Yes, and with a word of explanation?

A That was to Mr. Paradis from whom we were purchasing a house

1-B-6

E. W. Hinman - Clement Ex.

A (Cont.) for our operator up there.

Q Yes?

A R. G. Staples was for a deposit on hay, that one went to Creston, B.C., for \$200.25.

To Mr. Arnoldrussen for trucking a combine for \$73.00.

To the Kootenay Indian Agency, \$535.65, we were leasing land from the Indian agency.

And then another cheque to Mr. Paradis on the house for \$150.20.

And then Cranbrook White Rose Service, \$526.30, which would have been for fuel for operating.

How far do you want to go into this, this is into September now. These were all the expenditures made.

Q Well, yes, and as you said you used this \$5,000.00 in effect as if it was your own and applied them to these various purposes?

A That's right.

Q And we have here how much now in total, five, ten, twenty, well, about twenty-nine, close to three thousand there; perhaps you might pursue it a bit more.

A All right. September 14th, to Mr. Sommerfeldt, \$300.00.

To I.A.C. on a contract for equipment, \$210.00.

The Credit Bureau in Cranbrook, \$150.00, which paid for hay.

The Quality Welding and Repair, also at Cranbrook, for \$520.67, which was for repairs.

Junction Machinery was \$136.41, also for repairs.

1-B-7

E. W. Hinman - Clement Ex.

A (Cont.) Crestbrook Timber, \$116.63, for lumber.

The City of Cranbrook, \$17.90, I don't know just what that was.

Q \$17.00?

A \$17.90.

And then Cranbrook Reclamation, five thirty-five, no, Creston Reclamation, \$535.00, that was also for hay.

Now, to the Imperial Garage account, \$70.00, which Mr. Layton had overdrawn, this brought it back up. Graham, Provenzano and Graham, solicitors in Cranbrook, \$38.63.

Q Would that have to do with the estate or something else?

A Only indirectly, it had to do with the ranch which was part of his estate.

The British Columbia telephone, \$14.75.

Another cheque to Mr. Sommerfeldt for \$300.00.

The Farmers Co-op, \$305.26.

THE COMMISSIONER: I think you are well over five thousand now, Mr. Clement.

MR. CLEMENT: We seem to be getting along to that point all right, sir. It might be convenient since this is a topic in itself, sir, if my friends wish to cross-examine, that they do so.

THE COMMISSIONER: Yes.

1-K-1

E. W. Hinman - Clement Ex.
- Hill Ex.

THE COMMISSIONER: Do you want those cheques put in as an exhibit, Mr. Clement?

MR. CLEMENT: I wasn't intending to, but if my friends have any particular ones, they will be available to be put in, I suppose, on the same footing that a photocopy will be taken.

THE COMMISSIONER: Yes, they will be tabled if any counsel require them to be put in. Mr. Hill?

MR. HILL EXAMINES WITNESS:

Q Mr. Hinman, you indicated that the opening balance on this statement which was marked as Exhibit 529, the opening balance being \$8,856.32 included the \$5,000.00 donation which was made by Mr. Superstein?

A I object to the word donation, the deposit.

Q Advance then. Can you tell me what, when the estate was resolved, did the assets that were realized, were they sufficient to pay the other debts of the estate apart from this \$5,000.00?

A Yes.

Q So the estate would have been in a bankrupt position then?

A No.

Q Even if it hadn't had the \$5,000.00?

A No.

Q So the \$5,000.00 in effect wasn't really needed then for the estate to meet the obligations that it was required to meet?

1-K-2

E. W. Hinman - Hill Ex.

A Let's put it this way: some temporary financing was essential because the estate was naturally tied up, it was property of many kinds.

Q As I recall your evidence, the \$5,000.00 was repaid by you personally by way of a contra-account on commission?

A That's right.

Q Did you obtain any contribution from the estate to repay that five thousand?

A Some years later this was taken into consideration when we purchased the other assets of the estate.

Q Am I correct in saying that the debts that you paid back with this \$5,000.00 were all debts that were incurred by the ranching operation, is that right?

A Yes.

Q And in the ranching operation you and Mr. Layton were the two partners?

A That's right.

Q There were no other partners?

A No other partners.

Q So if Mr. Layton's estate hadn't paid these debts of the ranch, you would have been liable as a partner yourself for these debts?

A That's right.

Q So by having this \$5,000.00 advance you were then able to pay the estate's, not of your deceased brother-in-law's, but of the partnership?

1-K-3

E. W. Hinman - Hill Ex.

A That's right.

Q And you received the benefit from this because it meant that you didn't have to pay these debts yourself?

A Well, I had to pay back the money, what's the difference?

Q Well, did the estate make any contribution towards the payment of these debts apart from this \$5,000.00?

A When the settlement was made, the estate paid its share of all the debts.

Q Well, was there another \$5,000.00 worth of debts owing by the partnership?

A Yes, more than that, the accounts that had to be paid that summer.

Q So this \$5,000.00 was used to pay approximately or less than half of the partnership debts and you used other monies to pay the rest of the partnership debts?

A As I recall the total on these that I paid at that time was seven thousand, no, \$12,800.00.

Q I'm sorry?

A It would have been less than half.

Q How much?

A Twelve thousand eight hundred dollars were the accounts paid during that period which normally he would have handled on our behalf.

Q And would Mr. Layton have normally have been responsible for fifty percent of those debts?

A Yes.

1-K-4

E. W. Hinman - Hill Ex.

Q And was any contribution received from the estate towards payment of those debts?

A At this time?

Q Well, at any time.

A In the settlement, yes.

Q Before the estate was wound up, fully administered?

A Yes, these were considered, they were part of the estate.

Q Well, I am just not clear on that, you used \$5,000.00 that you received from Mr. Superstein to pay off \$5,000.00 worth of debts of the partnership?

A That's right.

Q Now, did you receive some additional monies from, monies that were realized from the estate itself, to pay off the debts of the partnership?

A No, I didn't.

Q Well, am I correct in saying then that all the money that was used to pay the debts of the partnership came either from the \$5,000.00 advance you got from Mr. Superstein or out of your own pocket?

A That's right.

Q The estate itself in fact made no contribution towards payment of all these debts?

A Not at that time, as I said, when I settled with the estate, this was taken into consideration.

Q Mr. Hinman, just referring back to Exhibit 529 for a moment, I note that in August of 1962, as my learned friend pointed out, there was an overdraft on this account in the

1-K-5

E. W. Hinman - Hill Ex.
- Bowen Ex.

Q (Cont.) area of between two hundred and fifty and three hundred dollars, were you in difficult financial straits at that time?

A No.

Q Was this unusual to have an overdraft?

A I don't think I had many overdrafts, but I could depend on them if I needed them.

Q Had you made arrangements with the bank to carry an overdraft at that time?

A Not specifically, as I recall, no, for that one.

Q Do you know how long you continued in an overdraft position?

A Does it not show there?

Q It doesn't show.

A It would have been a very short time.

Q Did you have other personal bank accounts apart from this one?

A Not in Edmonton, I had one in Cardston.

Q And have you any idea during this period of time whether there was any money in that account?

A I think there was.

Q Was this your main account?

A Yes.

MR. HILL: Thank you.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN EXAMINES WITNESS:

Q Mr. Hinman, I am referring you to Exhibit 529, two items that I would like to direct your attention to, one for

1-K-6

E. W. Hinman - Bowen Ex.

Q (Cont.) \$5,000.00 and the other for \$4,000.00, what were those in payment of?

A Well, Alberta Fidelity Trust was a payment for stock, the Bank of Montreal in trust, I can't tell you right off.

Q Payment for stock, this is cattle?

A No, for shares of Alberta Fidelity Trust.

Q Was Mr. Superstein a director of Alberta Fidelity Trust?

A No.

Q And you obtained the shares, did you?

A Yes.

Q Before you became a member of the Legislature were you a school teacher?

A Yes.

Q And then you became a member and then ultimately you became a Minister; as my memory goes, you became a Minister in 1954, is this correct?

A Yes.

Q And what was your salary as a Minister of the Crown?

A I would have to guess, something like ten thousand.

Q Did that increase until 1964 when you left the Cabinet?

A Yes, there were increases.

Q What was it when you left?

A Well, there again I can't tell you exactly, probably thirteen thousand.

Q And was your sessional indemnity in addition to that salary?

A That's right.

1-K-7

E. W. Hinman - Bowen Ex.
- Clement Ex.

Q Tell me, were you worth more money when you left the government or the Cabinet than when you went into it?

A I think so.

Q How much more?

A That's something I can't tell you because ---

Q Would it be \$100,000.00, Mr. Hinman?

A Well, there is really no way of knowing because in that period everything you owned increased in value.

Q Oh, I appreciate that, sir, yes, but did you own more property when you left the government than when you entered the government?

A Probably a little more, not very much.

Q Not very much?

A Not very much.

Q You had some losing ventures and you had a few profitable ventures?

A Yes.

Q Were any of your profits in any way ever derived from your office?

A They were not.

MR. BOWEN: Thank you.

THE COMMISSIONER: Mr. Steer?

MR. STEER: I have no questions.

THE COMMISSIONER: Mr. Friedman?

MR. FRIEDMAN: No questions, sir.

MR. CLEMENT EXAMINES WITNESS:

Q Now, Mr. Hinman, the next group of papers preceded the issue

1-K-8

E. W. Hinman - Clement Ex.

Q (Cont.) of the Statement of Claim which has been put in evidence, the Statement of Claim of the Superstein action against you in October of 1966. There is a letter you have furnished me, March 9th, 1966, from Norman W. Simons, to you. Could you identify that for me, please, that is a letter that you received from him?

A That's right.

Q In the nature of a demand for a settlement with Superstein?

A Right.

Q The letter reads in this fashion, sir:

"I have been retained by Mr. Superstein to seek some resolution of the numerous transactions in which Mr. Superstein was involved either as a participant or by way of loans to you. Mr. Superstein has asked that as a courtesy to you, you be allowed an opportunity to acknowledge certain liabilities and account before commencing proceedings. I am instructed to allow you five days within which to do so, and I have accordingly diarized my file to March 15th.",

and you replied to that letter by a letter to him of March 11th in which you ask that Simons furnish you with the details of the liabilities he speaks of so that you could confer with your solicitor. Did such a discussion take place? Were any details given to you by Mr. Simons?

A No, the matter ended there.

1-K-9

E. W. Hinman - Clement Ex.

Q The matter ended there as far as he was concerned. And the next document ---

THE COMMISSIONER: Do you wish those marked as exhibits?

MR. CLEMENT: There is nothing in them, sir, to warrant it, in my view, I will leave them on the table for counsel.

Q MR. CLEMENT: Then the next chronological document is a letter from Messrs. Mustard and Pecover to yourself of June 8th, 1966, and perhaps, sir, it would be convenient if I read this letter:

" I have been consulted by Mr. Superstein with respect to the above. Mr. Simons who wrote you on 9 March in the same regard, having been unable from pressure of business to pursue the matter. Mr. Superstein is concerned to have repaid certain loans and indebtednesses which you have received or incurred in the course of the past few years, particulars of which are as follows: deposit by Mr. Superstein to your Toronto-Dominion Bank account, July 27th, 1962, \$5,000.00; loan to you in respect of the Cardston Garage operation \$6,000.00; to deficiency on refund from J. Harper Prowse concerning 111th Avenue property transaction \$5,000.00."

I think, Mr. Hinman, you referred to that when we were discussing that memorandum account which Superstein sent

1-K-10

E. W. Hinman - Clement Ex.

Q (Cont.) you in 1964, or, perhaps he hadn't sent you, I think you said you hadn't seen that specific one, but at that point of time you referred to this document.

MR. STEER: 479.

Q 479.

MR. STEER: It's among those I was looking at, Mr. Short.

Q That's the item which appears on Exhibit 479, Harper Prowse Avenue handled deal re 111th/property deal, that's the same item?

A That's it.

Q And your evidence, as I recall, was that in respect to that transaction you had nothing to do, and that your recollection was that it was something that Tanner and Superstein had been dealing on together?

A That's right.

Q And then share of Lodgepole Hotel transaction, share of profit \$3,333.00, is this the whole of the claims which were made upon you by Messrs. Mustard and Pecover at that time?

A That's right.

Q What followed after that?

A Well, I wrote back to Mr. Pecover, I think you have a copy there.

MR. CLEMENT: Sir, may I tender the letter of June 8th, 1966, Messrs. Mustard and Pecover to Mr. Hinman?

THE COMMISSIONER: Exhibit 530.

1-K-11

E. W. Hinman - Clement Ex.

LETTER OF MESSRS. MUSTARD AND
PECOVER TO MR. HINMAN DATED JUNE 8th,
1966, ENTERED AND MARKED EXHIBIT 530.

Q MR. CLEMENT: Then you produce a copy of a letter
you wrote to Mustard and Pecover on June 14th, 1966, under
this caption, and I will read that, sir:

"Re personal loans of Jake Superstein, items A and B,
as your client well knows, these items were repaid
by contra-account duly acknowledged. Item C, well,
I have not been a shareholder in Avenue West
Developments, this item too, to my personal knowledge,
was settled by contra-account."

Now, to your personal knowledge it was settled by what
contra-account?

A In the settlement between Mr. Tanner and Mr. Superstein
which had to do with the \$17,000.00 commission which has
been referred to previously.

Q Do you recall, could you state again what that approximate
date of that settlement was?

A I don't think I can.

Q Just as you said last week, took up the balance of the
seventeen thousand, you had taken eleven out by contra-
account on the two items we have discussed?

A That's right.

Q Leaving \$6,000.00, so there was, if my arithmetic is
correct, that would be \$1,000.00 still open, so to speak,
on the seventeen thousand commission?

1-K-12

E. W. Hinman - Clement Ex.

A Yes, that was settled between Mr. Superstein and Mr. Tanner.

Q How was it, Mr. Hinman, that Tanner got a cut of the seventeen thousand, this particular division, how was that come to between you, how did he receive it, do you know?

A How did he receive this?

Q Yes.

A No, this was part of it, you mean how did he receive it from me?

Q Well, just how was all this worked out? You start off with negotiations with Ogilvie Flour Mills, you were attending to this personally and got the principals together, or, at least, the Ogilvie Flour man interested in the transaction and you took the position that you were acting then for Reo Realities Limited in that activity, and then at a subsequent stage it was agreed that Reo Well Services would be the recipient of the commission of seventeen thousand, as it was ultimately settled at. Now, you gave in evidence that you got a cheque for seventeen thousand, was it, from Reo Well Services, oh, eleven thousand, or am I not correct in that?

A No, I simply got credit for it, there were no cheques, it was on a contra-account.

Q Was this contra-account you are now speaking of, a contra-account between you and Reo Well Services?

A No, the contra-account was between Well Services and Mr. Superstein, because I had the benefit of it, I was simply

1-K-13

E. W. Hinman - Clement Ex.

A (Cont.) charged \$11,000.00 by Reo Well Services.

1-P-1

E. W. Hinman - Clement Ex.

Q Well, in effect, as far as you were concerned, as between you and Reo Well Services you were treated as having earned that by Reo Well Services? You told us --

A That is right.

Q -- you accounted for it in your Income Tax and so on?

A That is right.

Q But you were treated as having earned it and then it was paid to you by way of this contra account?

A That's right.

Q All right but, you don't know how Reo Well Services set it up with Tanner or do you?

A No, not exactly.

Q Do you have some idea?

A Well, he got the other \$6,000.00 credit.

Q As if he had earned --

A That's right.

Q -- the \$6,000.00 but in point of fact, he did nothing?

A Well, I wouldn't say that.

Q Well I thought you had done pretty well everything that was done until the parties started meeting directly?

A Nevertheless it was accomplished.

Q But, you were equal shareholders at the time?

A I remember we were.

Q This is just something between you and Tanner?

A That's right.

Q Item D:

"Your client is aware that my part in this

1-P-2

E. W. Hinman - Clement Ex.

Q (Cont.)

"transaction was the backing of a credit to make the transaction possible. I made no commitment with anyone to share profits."

A That's right.

Q That is the Lodgepole purchase, is it?

A That is right.

Q And what you are referring to there is the borrowing, if it was necessary, to purchase the mortgage on Lodgepole at a discount?

A That's right.

Q Didn't the whole group commit themselves on that borrowing or become liable for repayment of it?

A As I recall that is what happened. I think the point sir was that this was being charged to me personally but personally I didn't handle it or make a commitment.

Q You mean the three thousand three hundred thirty-three?

A Yes.

Q Well, but first, one at a time, is it or is it not true that all those who were interested in the purchase, yourself, Superstein and Tanner, I believe, was there another one?

A No.

Q Just the three of you, did the three of you assume an obligation for the amount required to purchase the mortgage at a discount?

1-P-3

E. W. Hinman - Clement Ex.

A As I said before, my memory of that is that we borrowed that money, I remember I signed for it, I presume the others did too.

Q But you don't know?

A Mr. Tanner and I went to the bank together so I know he signed for it. I don't know, I never did see whether Mr. Superstein signed for it or not.

Q Was he supposed to?

A Well it seems to me he was.

Q Who was running this operation?

A Mr. Tanner.

Q You are not aware then whether Superstein got the benefit of your signature or not? What I am saying is, you are not aware as to whether Superstein committed himself to a share of the purchase price of the mortgage?

A My understanding was that he was to share in it, yes.

Q But you don't know whether that happened?

A I don't know whether he signed the papers but I am sure he got credit for the \$3,300.00.

Q Yes, well that would be the end benefit, of course, the end benefit of the transaction?

A Yes.

Q At the time that the purchase of the mortgage was made, did you have anything in sight as to whether it might be sold to advantage?

A No.

1-P-4

E. W. Hinman - Clement Ex.

Q So at that stage it was merely a long term proposition, you would be getting interest at a higher yield and in the end result a capital gain?

A That's right.

Q And the capital gain, if my arithmetic is anywhere near correct, it would be in the order of \$10,000.00 in all?

A That is right.

Q And it was realized?

A Yes.

Q In about ten months time?

A As I recall that is about right.

Q Now, may I have this letter then marked sir, a copy of a letter, June 14th, E. W. Hinman to Mustard and Pecover.

THE COMMISSIONER: Exhibit 531.

MR. CLEMENT: I should say June 14th, 1966.

COPY OF A LETTER DATED JUNE 14th,
1966 FROM E. W. HINMAN TO MUSTARD
AND PECOVER PRODUCED AND MARKED
EXHIBIT 531.

MR. STEER: What was 530, sir?

THE COMMISSIONER: 530 was the letter from Mustard to
Mr. Hinman and 531 is the reply.

MR. CLEMENT: Perhaps my friends might wish to
cross-examine on this aspect.

THE COMMISSIONER: Mr. Hill?

MR. HILL: No questions, sir.

THE COMMISSIONER: Mr. Bowen?

MR. BOWEN: No sir.

1-P-5

E. W. Hinman - Clement Ex.

THE COMMISSIONER: Mr. Steer?

MR. STEER: No sir.

THE COMMISSIONER: Mr. Friedman?

MR. FRIEDMAN: No sir.

Q MR. CLEMENT: Now Mr. Hinman, I am afraid I will have to ask you for your help. I reviewed what was left for you to answer this morning and though I have got most of my notes, that particular sheet didn't come along, so, you have produced to me the B & R Service Cardston Limited balance sheet as at November 30th, 1961 and a statement of income and expenses for the period November 30th, 1961 to May 31st, 1962.

Now, as I recall it, this inquiry was in relation to the purchase or the investment, to put it that way, by Mr. Superstein in B & R Service Cardston Limited?

A That's right.

Q And the evidence was that he had paid \$6,000.00 into the bank account of the company and for that \$6,000.00, shares were transferred to him from the then shareholders in the amount of 2,000 shares?

A That's right.

Q And was that transaction with Mr. Superstein gone forward on the basis of these financial statements?

A I don't think so, I think we had them in mind. We wouldn't have this particular financial statement at that time but we knew approximately what we were worth.

1-P-6

E. W. Hinman - Clement Ex.

Q Well, he came into the company in 1962, didn't he?

A '61.

Q '61. Perhaps I should come around where we can examine them more readily.

I am looking now at the balance sheet which shows assets of \$51,455.00 and in addition good will of \$7,298.00. How was that good will come to?

A Well you usually calculate it on the basis of a percentage of the business you are doing.

Q Well for the purposes of the balance sheet, do you say it would vary from year to year?

A It could although this was probably carried forward from the time when we became interested in B & R.

Q Well, the net profit for the year ended November 30th was \$2,438.00. How do you relate good will of seventy-two ninety-eight to that net earning?

A Well I don't know they did. I said I thought probably this was carried forward from the time we took it over.

Q Then on the liability side, liabilities and capital side, there is an obligation to a shareholder of \$9,500.00 in total, what was that?

A I believe that was owing to me.

Q For what?

A For capital contributed and for loans which I backed at the bank personally.

Q I see, down here we have contributed surplus \$9,000.00, is that part of what you are speaking of?

1-P-7

E. W. Hinman - Clement Ex.

A Yes I think so.

Q Well Mr. Hinman, I am not very good on this without the benefit of an auditor, what is the net worth of that company on the balance sheet as at November 30th?

A Well actually you would either need some experience or an auditor to tell you. Some of the things which show as liabilities don't turn out to be that, these reserves are always there and you have to keep them but, it looks to me like the company was worth about \$57,000.00.

Q Before or after taking into account the liabilities on shares?

A These are the payables, these three, this one and this one which are about sixty-two, say sixty-three thousand and these are the assets, then you add --

Q With this rather loose amount of seventy-two ninety-eight for good will included?

A That is right. If you deduct those and add back in this reserve for possession which is an asset , really.

Q Yes, I understand what you mean?

A That is how I arrive at that.

Q Well I still -- Is \$9,500.00 due to a shareholder, that is not a contingent liability?

A No, you are right.

Q Reserve for repossessions which is a reserve against contingent liabilities?

A That is right.

Q Some, all or none of it might be called on?

1-P-8

E. W. Hinman - Clement Ex.

A That's right.

Q And then mortgage payable to Newbauer seven thousand seven hundred, is that on the building or something of that sort?

A That is right.

Q And these are just current liabilities except that there is some duplication is there not?

A \$4,800.00.

Q And twenty-one hundred?

A That is right, these two.

Q Well now, can we have another stab at what the net worth of the company is? I am afraid my arithmetic is very slow?

A May I do a little figuring?

Q Yes?

A Well, I come up with thirty-nine thousand one ninety as pretty close.

Q Thank you. At that moment of time that we are speaking of Mr. Hinman, immediately preceding the transfer of shares to Superstein, the authorized and issued capital of the company amounted to ten thousand shares?

A Twenty thousand common shares.

Q Authorized, issued and fully paid, twenty thousand common shares and the statement just ascribes a value to those twenty thousand shares --

A \$20,000.00.

Q Just putting them in at par without any adjustment?

A That's right. There is one other factor that you do look

1-P-9

E. W. Hinman - Clement Ex.

A (Cont.) at in such statements as these and that is that these buildings were carried on from year to year and while there was one adjustment for value due to appreciation, it is certainly not equal to what they were really worth at this time.

Q But you said this wasn't discussed in detail with Mr. Superstein?

A No.

Q And the profit and loss statement for the period ended November 30th, 1961 then was \$2,438.00?

A That is after taxes, yes.

Q After taxes of \$512.00?

A That is right.

Q And you were carrying forward a deficit from the previous operating year of \$20,496.00?

A That is right.

Q You have got now an interim statement of income and expense for a half year period, November 30th '61 to May 31st, 1962. How did you come to require an interim statement?

A I don't think we required it, we just had an accountant who used to give us one like that.

Q Just for internal information?

A That is right.

Q See how it was doing for that first half of the year and that shows a gross profit of \$4,680.79?

A For that period.

1-P-10

E. W. Hinman - Clement Ex.

Q What additional figures does he require to come to the net profit?

A Well this is for the succeeding year.

Q I understand that.

A And let me see just how he put this in. Well, only taxes.

Q Well, if we refer to the financial statement for the year ended November 30th, 1961 it would appear that the whole list of expenses as shown on statement number 2, namely profit and loss, the whole list of expenses would have to come off that four thousand eight hundred odd dollars to arrive at net profit for the six months?

A I don't think so. We have expenses listed and then we have income and the difference between them, between this and this is the four thousand.

Q I see, so what you say is in effect this is a mis-statement, it should be a net profit except for Income Tax?

A That is what it amounts to, yes.

Q Sir, may I have this marked in two parts, the financial statement as at November 30th, 1961 as sub 1 and the interim statement as at May 31 '62 as sub 2?

THE COMMISSIONER:

Yes, Exhibit 532 sub 1 and sub 2.

FINANCIAL STATEMENT AS AT NOVEMBER
30th, 1961 PRODUCED AND MARKED
EXHIBIT 532 SUB 1.

INTERIM FINANCIAL STATEMENT AS AT
MAY 31st, 1962 PRODUCED AND MARKED
EXHIBIT 532 SUB 2.

2-B-1

E. W. Hinman - Hill Ex.

MR. CLEMENT: I would suggest, sir, that my friends might cross-examine now.

THE COMMISSIONER: Mr. Hill?

MR. HILL EXAMINES THE WITNESS:

Q May I see that statement, Mr. Short, please? Thank you.

Mr. Hinman, at the time that you received the cheque from Mr. Superstein for \$6,000.00 as his contribution for the purchase of shares in the company, can you pin down the date just a little closer for me than that?

A No, I can't, but I think there is something in the, this says July 11th '61. (Referring to document.)

Q July 11th 1961. Now, the statement that was referred to by my learned friend that has just been marked in evidence, Exhibit 531, is the balance sheet as of November 30th, 1961?

A That's right.

Q And obviously then this statement takes into account this \$6,000.00 accretion to the capital of the company by way of a cheque from Mr. Superstein?

A It does not.

Q I'm sorry?

A It does not.

Q Well, why would that not show then, the statement for the year end?

A Well, the only way it shows is in the capital end of it.

Q As a liability under the balance sheet?

A Yes.

Q Yes, well, that's what I meant, it does show there then; and

2-B-2

E. W. Hinman - Hill Ex.

Q (Cont.) you have told us that the net worth of the company at that time was in your estimation was about \$39,000.00 in 1961 at the end of the year?

A Based on that statement. I think what I said was that its true value was considerably more because of appreciation in land and buildings.

Q So that your figure of \$39,000.00 is probably a fairly conservative net worth?

A Very conservative.

Q Yes, and the company had lots of operating capital at the time?

A No, we didn't have too much operating capital at the time.

Q Was there a shortage of operating capital?

A I think, yes, I think you would say there was a shortage.

Q Were there other methods of raising operating capital at the time apart from subscribing new shares?

A Well, there are always some I presume if you pursue them.

Q Well, you have had a lot of business experience in dealing with the bank, you have never had any trouble getting a loan from the bank to meet a short term problem in operating capital?

A Not really, no.

Q This is a usual source?

A Yes.

Q Did you provide Mr. Superstein with financial statements of the company, say as of the year end 1960, before he invested the \$6,000.00?

2-B-3

E. W. Hinman - Hill Ex.

A I don't think we did.

Q Was he given any information on which to base his judgment as to whether or not he should invest in the company?

A I am sure I told him my opinion of what it was worth.

Q And to your knowledge he was not provided with any balance sheets or profit and loss statements or inventories or anything like that?

A I don't think he was. You will recall I have already given evidence that he was to make up his mind whether he wanted stock or whether he wanted to be, wanted it to be a loan.

Q Wanted to be a loan?

A Yes, whether this was to be a loan or whether he would like shares in the company.

Q In any event he subsequently bought actual shares in the company?

A That's right.

Q And it appears then that he relied entirely on the advice that you gave him before investing this \$6,000.00 in shares in the company?

A He might have.

Q Well, you told us that he did not rely on financial statements?

A I said I don't recall that we gave him statements.

Q And do you know whether or not he had access to any?

A Well, he could have easily, there was nothing to be hidden.

Q Well, it is not likely that he would have got them unless you gave them to him?

2-B-4

E. W. Hinman - Hill Ex.

A I think that's right, I doubt that he got them.

Q In any event you have no specific recollection that he ever saw the financial statement?

A That's right.

Q So that it is probably a fair statement that his judgment in investing the \$6,000.00 in the company was based on the representations that you made to him about the financial health of the company, is that a fair statement?

A Yes.

Q And the company at that time was actually a pretty healthy company, in 1961?

A Well, it was making progress.

Q And there was no real shortage of capital, was there?

A Yes, there was.

Q Was there a dire necessity for Mr. Superstein to invest in the company?

A Not a dire necessity but I think I have already said that as a business grows you have to have more accounts receivable and you have to have more inventory, really sometimes the financing problems of a company are caused by its own growth.

Q In other words you are saying now that the company actually needed this \$6,000.00 new influx of capital?

A If it wished to grow.

Q For operating capital?

A That's right.

Q Was there any reason why you obtained the money from Mr. Superstein



2-B-6

E. W. Hinman - Steer Ex.
- Clement Re-Ex.

Q (Cont.) You have told us that in your view Superstein was to have the privilege either of taking \$6,000.00, of taking shares for his \$6,000.00, or making a loan to the company?

A That's right.

Q And for some reason you put the word "equity" on the cheque?

A Yes.

Q Indicating what?

A That I presumed he was going to take the shares.

Q Yes, and subsequently he asked that it be considered a loan, and that was done?

A No, I think subsequently the shares were issued and he carried them for several years, I had always told him I would take them back any time.

Q Oh, yes, that's true, I am sorry.

THE COMMISSIONER: Mr. Friedman?

MR. FRIEDMAN: Nothing, sir.

MR. CLEMENT RE-EXAMINES THE WITNESS:

MR. CLEMENT: May I just ask another question, sir?

THE COMMISSIONER: Yes.

Q MR. CLEMENT: I am having a little difficulty clearing my mind, Mr. Hinman, as to the disposition of this \$6,000.00 cheque. It was payable, it was made payable to the company and by the endorsement appears to have been deposited in the company's account at that time, and all of the capital of the company had been subscribed; what use was made of this \$6,000.00?

A Well, I can't tell you, it went into the account and I would

2-B-7

E. W. Hinman - Clement Re-Ex.

A (Cont.) have to in some way find out which shares were transferred to Mr. Superstein and what credit was given to these people.

Q Well, by some process of mathematics you could probably guess who made transfers of shares to Superstein from the annual reports, comparing 1960 with 1961 lists of shareholders; but the money having gone in, how do you say it was paid out or to whom, or do you know, or do you have any idea, was it used in the company business?

A No, I haven't. What would have had to have taken place was whoever -

Q Well, can we do it without rationalizing: do you know?

A No.

Q Do you know whether you ever got any piece of this yourself?

A Of this money?

Q Yes?

A I am quite sure I didn't.

Q And that is on the basis there were none of your shares that went to Superstein, is it?

A I think that's right.

Q And do you consider that some other shareholders got money out of the bank account up to the amount of \$6,000.00 for transfers they made to Superstein?

A They would have got money or credit.

Q Well, one or the other, yes.

A One or the other.

Q So that the company bank account then in your recollection

2-B-8

E. W. Hinman - Clement Re-Ex.

Q (Cont.) was being used merely as a clearing house for this transaction?

A That's right.

Q I see. I think those are all the questions.

THE COMMISSIONER: Have counsel any further questions?

MR. HILL: No sir.

MR. BOWEN: No sir.

MR. CLEMENT: Now, Mr. Commissioner, we will turn to the examination of some other witnesses. Mr. Tanner is in Court. I believe Mr. Nolan Hinman will be here.

A He is here now.

MR. CLEMENT: Is he here now? Perhaps it would be convenient, sir, if I called Nolan Hinman now since there is some matter of personal urgency which -

THE COMMISSIONER: Mr. Hinman, you may use this table right down here next to Mr. Friedman here.

A Thank you very much, sir.

THE COMMISSIONER: And I would like to point out to you that you have the right to cross-examine any of these witnesses after, at the conclusion of their evidence.

A Thank you, My Lord. Do you want these too?

MR. CLEMENT: Nobody has asked they be put in and you can keep them, Mr. Hinman.

(Witness steps down.)

THE COMMISSIONER: You can have that table there, Mr. Hinman, the whole table to yourself.

MR. HINMAN SR: Thank you.

2-B-9

N. E. Hinman - Clement Ex.

MR. CLEMENT: Call Nolan Hinman.

NOLAN EDGAR HINMAN, sworn, examined by Mr. Clement:

THE COMMISSIONER: You may sit down, Mr. Hinman.

A Thank you.

MR. CLEMENT: Mr. Commissioner, Mr. Steer has brought to my attention the possibility of a slip in numbering Exhibits. Does your record show, sir, a letter of June 8th as Exhibit 530?

THE COMMISSIONER: Yes.

MR. CLEMENT: The following Exhibit which I tendered was a copy of a letter dated June 14th?

THE COMMISSIONER: Yes, that is 531.

MR. CLEMENT: 531.

MR. STEER: So that the financial statement then becomes 532.

THE COMMISSIONER: 532, that is right, Mr. Steer, yes, the financial statement, 532(1) and (2), the two sheets.

Q MR. CLEMENT: Mr. Hinman, you are the son of Edgar W. Hinman?

A That's right.

Q And you were born, as I recall it, in 1937?

A Yes.

Q And where was the place of your birth?

A Cardston.

Q Where did you live thereafter?

A Cardston originally, sir.

Q I mean you eventually moved from Cardston with your family?

2-B-10

N. E. Hinman - Clement Ex.

A Yes, during the war we lived in Pincher Creek.

Q Yes, and then from there where did you go?

A Back to Cardston, sir.

Q And after that where did you move to?

A I joined my family, I joined my father and mother here in Edmonton.

Q In what year was that, what you are saying I take it, Mr. Hinman, is that your parents moved up to Edmonton and you came with them?

A Yes, some months later, as I recall they moved in the spring and I believe I came up in the fall.

Q That would be in 1953 perhaps, the spring of '53?

A No, it would have been -

Q Your father was elected to the Legislature first in 1952?

A No, we lived in Cardston for a period after that; I came in about 1954, sir.

Q '54, all right, and during this period, let's just take it up to 1954, were you pursuing your education or were you working for a living?

A Pursuing my education, sir.

Q Yes, and that continued after you got to Edmonton, did it?

A Yes. There was an interval in between, the first year I worked and the next year I went to University.

Q That is after you finished high school you took a year out?

A Yes.

Q At what work?

2-B-11

N. E. Hinman - Clement Ex.

A I worked for Floor Craft that year.

Q On the Southside?

A On the Southside.

Q And having put in a year there you went back to education in the University of Alberta, is that right?

A Yes, I did, sir.

Q And in what faculty?

A Education.

Q So that would bring us then, '54, '55; was it the '55 - '56 period that you went to University?

MR. HINMAN SR: Sir, may I just correct the date. We didn't move here until the fall of '55, actually.

A I am sorry, sir.

Q MR. CLEMENT: That is quite all right, the precise dates are not too significant at this moment, Mr. Hinman, I just want to get the flow of your education and so on and where you were living up until the time you go into business.

A Yes, it sounds as though it would have been the fall of 1956 then when I first attended University.

Q Went to University, '56, the '56 - '57 term would be the period that you went to University in the faculty of Education, is that correct?

A Relying on my father's memory, yes.

Q Yes, on advice of counsel, let's take that as being correct subject to further thoughts.

Well then, in 1957, in the spring you were still living at home with your parents, were you?

2-B-12

N. E. Hinman - Clement Ex.

A Yes, I was.

Q And what happened with your career from that point on?

A I believe in the spring after University I went back to work for Floor Craft, I stayed with Floor Craft for a period and then joined a firm by the name of Fashion Floors.

Q Yes?

A Where I spent a period and then joined my father and Mr. Tanner in the Reo companies.

Q Yes, let's come then to the Reo companies; do you recall when you joined forces with any one of them, let's take Reo Realities for a start, do you recall when you first went in?

A It would have been in the spring of 1958, I believe.

Q Yes, and that was your first connection with any of the Reo enterprises, was it, at that time?

A I had been a shareholder I think prior to that in Reo Realities.

Q Yes, in the spring of 1958?

A In the spring of '58 I joined the companies.

Q Yes, well, without, without pursuing that in depth, Mr. Hinman, I am not certain at the moment whether Reo Realities was actually incorporated during 1958 or in the year preceding, but that is not of particular significance. In any event, how did it come about that you joined your father and Mr. Tanner in the, in their mutual business activities? You were at that stage working on the Southside for Floor Craft?

2-B-13

N. E. Hinman - Clement Ex.

A No, I was with Fashion Floors at the time.

Q I am sorry, Fashion Floors, yes?

A As I recall it was about that time that other Reo companies were formed and the companies were engaged, I believe Reo Sand and Gravel at the time was engaged in supplying gravel to Tallman Construction at the International Airport which was then under construction. I think that the activities of these companies was picking up and additional help was needed and I felt I would like to be a part of it.

Q Yes. In any event, you were made a shareholder in rather nominal amounts, just barely enough to qualify you as a director?

A I think originally that's right, sir.

Q Yes, and what were your activities for Reo Realities?

A As I recall I didn't endeavour to take an active part in real estate sales, etc.; it was more probably in bookkeeping and the management end of the company.

Q Well, do you recall anything specifically?

A No, I think that most of my attention initially was directed towards the sand and gravel operation.

Q I see. Reo Realities carried on for a while and then in effect ceased to do business according to my recollection of the evidence; but you had severed your connection with it, any active connection at least, before that happened, is that correct?

A Yes, that would be right, sir.

Q Perhaps we could take a convenient period of time to discuss

2-B-14

N. E. Hinman - Clement Ex.

Q (Cont.) these things, Mr. Hinman. At a particular period of time you joined Farmers and Merchants Trust?

A November 15th 1958.

Q Yes, so that let us consider your activities up to that moment of time: with Reo Realities your recollection is that you were not active in the field, so to speak, but you are not clear whether you were active even in the office?

A Yes, I was active in the office, sir.

Q You are sure of that now. Doing what work?

A As I mentioned, sir, basically in management and accounting.

Q And it was a rather small operation, wasn't it Mr. Hinman?

A The gravel operation I suppose was small in comparison with some others.

Q No, let's be clear what we are talking about. I want to take these one at a time so that I don't get confused myself. I am talking about Reo Realities now?

A Well, as I mentioned to you, about the time that I went to work for the Reo companies we became involved in supplying gravel and most of my time was spent there, there was a lot of bookkeeping and -

Q Then is this what you are saying, that the Reo enterprises were all focused in the one office?

A That's right, sir.

Q And you were in that office?

A Yes.

Q So that as far as Reo Sand and Gravel is concerned you looked after the keeping of accounts for it and whatever other office

2-B-15

N. E. Hinman - Clement Ex.

Q (Cont.) work was required in connection with that operation, is that correct?

A Yes, I shared in that part of the activities.

Q Yes, but not out in the field, not acquiring sand and gravel leases or making deals with Tallman or anything of that sort?

A No, I did some supervision in the -

Q In the field?

A In the field, there were difficulties, as always, with trucks and things of that nature.

Q And you were a director of the company?

A Yes sir.

Q What office did you hold?

A I am not sure, sir.

Q You are not sure whether you held any office. Normally with three directors, the normal procedure is to have one the president, one the vice-president, and one a secretary-treasurer; does that ring a bell with you at all?

A No, I am afraid I couldn't tell you where I fitted in.

Q Yes. How long did that Reo Sand and Gravel continue, up until the fall of 1958 when you left?

A That is approximately right. I can't tell you exactly, but as I recall it went during the summer.

Q It was still going when you left as far as you recall?

A Yes, Reo Sand and Gravel was still active, as I recall, when I left.

Q Yes. Well then, amongst your office work then was there anything of consequence with Reo Realities?

2-B-16

N. E. Hinman - Clement Ex.

A I don't think so. Reo Realities was not a major portion of our business.

Q Yes, I see. Well, in your recollection what sort of work did it do so far as you could observe?

A I believe at that time we had three licensed real estate salesmen.

Q Yes, and what was the nature of the real estate sales that they were making?

A Mainly residential.

Q Mainly residential. Any commercial that you can recall?

A Not off hand sir, no.

Q And were three salesmen the maximum that you can recall?

A They may have had more before I became actively involved in it, as I recall, when I joined there were three.

Q Yes. You would have had nothing to do with the transaction involving the sale of shares or assets of Edmonton Produce Company Limited then?

A No sir.

Q I think that took place several years after you left?

A It must have done because I have no knowledge or recollection of that.

Q Of no aspect of it whatsoever?

A No sir.

2-K-1

N. Hinman - Clement Ex.

Q Now we come to Reo Investments Limited which was another company in which you were a shareholder and director, and the evidence, I think I am correct in that, Mr. Hinman, yes, the evidence is that Reo Investments Limited, its principal activity had to do with an apartment project in Leduc. Were you there when this project was conceived?

A I'm not exactly sure when that commenced, but I was aware of it and did some work on it.

MR.CLEMENT: May I have Exhibit 494, please.

Q MR. CLEMENT: Exhibit 494, Mr. Hinman, appears to be a setting out of the project, the original concept of the scheme, did you have any hand in preparing that or was it discussed with you before it was prepared?

A Would you ask that question again, please, sir?

Q Did you have anything to do with the preparation of this?

A I don't remember the document, sir, no.

Q Well, what did you have to do with the Leduc venture?

A As I recall I didn't have anything directly to do other than I was associated with the company and took an interest in what the company was doing, and I remember going out several times during the construction period to see what progress was being made, and being consulted by Mr. Tanner on occasions regarding certain things that came up from time to time.

Q Did you invest any money in it?

A No, sir, I didn't directly.

2-K-2

N. Hinman - Clement Ex.

Q Not directly, did you indirectly?

A Maybe through my association in the other companies, I did.

Q I see. But you were not amongst those who put up \$8,750.00?

A No, I wasn't.

Q Or any other direct contribution of any kind?

A No.

Q You contributed some contribution perhaps in services?

A Possibly, sir.

Q Well now, this period of construction in which you were out there occasionally at Leduc, do you recall when that was?

A I remember going out when the footings were being poured.

Q What year? Who were you working for then?

A To the best of my memory I was working for Farmers and Merchants Trust Company at the time.

Q After you joined Farmers and Merchants Trust did you take, did you keep up any activity in any of the Reo companies?

A No, sir, not other than my association with the companies, I was interested in what they were doing from time to time.

Q But these other services, bookkeeping services or office work or one thing or another like that, did you assist the companies in any way from the fall of 1958 onwards?

A Maybe in some minor way. It wasn't my responsibility but I may have assisted from time to time in some writing up of the books or something of that nature.

Q I take it if you had, it was rather an insignificant amount of time?

A That's right, the day to day operations was something I was

2-K-3

N. Hinman - Clement Ex.

A (Cont.) no longer associated with.

Q Have you ever had anything to do with B & R Service Cardston Limited?

A Yes, I have been a shareholder in B & R.

Q And an officer?

A Not that I recall.

Q Have you had anything to do with the business of that company in an active way?

A No, sir.

Q How did you come to be in it?

A I think, through my father.

Q Did he provide you with shares in it?

A Yes, sir.

Q And did it go no further than that, they were just a gift of shares from him to you?

A As far as I know I took no active part, it was something that my father gave me part of and I have no knowledge of the workings of the company.

Q Or any of its business transactions or activities?

A No, sir.

Q Well then, in the fall, oh, perhaps I might clear up another point, Mr. Hinman, the Airport Hotel has been discussed to some extent during the course of this inquiry, had you anything to do with any aspect of the Airport Hotel, which was Mr. Superstein's venture at Nisku?

A No, sir.

2-K-4

N. Hinman - Clement Ex.

Q Of no nature or description?

A No. I remember Mr. Tanner inviting me out, this was when it was being completed, and I went out to view the premises, but I had no interest or association or relationship with it at all.

Q Now, let's turn to Farmers and Merchants, as I understand the evidence that has been given, in the fall of 1958 and prior to your being engaged by that company, you were working for the Reo companies in Edmonton?

A Right.

Q And living then at home?

A Ah ----

Q You would be 21 years of age at this point of time?

A I believe, in the interim, sir, I was married.

Q I see, then, I don't know that that necessarily changes the question, Mr. Hinman.

A No, I wasn't living directly at home.

Q In any event, how did you come to meet any persons connected with Farmers and Merchants Trust?

A I was introduced to them by my father.

Q Who were you introduced to?

A Mr. George Marks and Mr. Sam Hanen.

Q Yes. Taking the fall of 1958 as the time of your engagement with Farmers and Merchants, how long preceding that was this introduction accomplished?

A Fifteen or thirty days.

2-K-5

N. Hinman - Clement Ex.

Q I see. Where did this take place?

A --- I'm sorry, sir, I don't recall whether it was the Macdonald Hotel or just where.

Q Well now, Farmers and Merchants were operating where at this time, so far as you know?

A Calgary.

Q Just in Calgary. You have no recollection of being invited to a meeting at all or anything of that sort, how you came about that you met them?

A No, I don't, the only reason that I wonder if it was the Macdonald is because I have a striking memory of meeting Mr. Marks' wife, and it was there where I met her, and it may have been on that occasion that I met them all to start with.

Q Well, give us your best recollection of the circumstances of meeting Marks and Hanen, you recall they were together when you first met them?

A Yes.

Q And in the company with your father?

A My father introduced me to the gentlemen.

Q Were you called over or, to meet them or what? ---- what I mean, if you were at the Macdonald, you just wouldn't drift in and there they were?

A The meeting had to have been arranged in some way, but that was ten years ago, sir, and ----

Q Do you recall whether it was in a private room or in a public

2-K-6

N. Hinman - Clement Ex.

Q (Cont.) room?

A I remember being introduced to Mrs. Marks in the lobby.

Q Yes, and did you have some discussion with Marks and Hanen?

A Yes, sir.

Q Where did that take place, in a public room or a private room?

A As I say, sir, I can't honestly say that I remember.

Q Was your father present during this discussion?

A I don't recall because I remember talking to my father after, so I would assume that he probably wasn't.

Q What was talked about?

A They wanted to know if I was interested in joining their company.

Q Yes, and what was said?

A Naturally I was interested in what the position would be and what the future held in store, when the job would start, how much the job would pay, where I would be located and things of that nature.

Q What information were you given, was given to you in answer to all these inquiries?

A They told me that they intended to open an office in Edmonton and that I would be employed at the Edmonton office. They told me the future was good, it was a young company just starting and I would be in what you might say almost at the base and could grow from there. They told me the remuneration would be \$300.00 a month and that ---

2-K-7

N. Hinman - Clement Ex.

Q Was that some improvement on what you had been earning on average?

A I don't think so, sir, no, and they told me that at such times as the Edmonton office achieved deposits of one million dollars, that my remuneration would be increased to \$500.00 a month. As I recall there were no fringe benefits at the time.

Q Was there anything said as to how, what they call it, continuity of service, were you to be hired for a specific time or an indefinite time or by the month or what?

A Well, I was paid by the month, sir.

Q That's all that was said about that?

A Pardon me?

Q That's all that was said about that?

A No, I started with the intention that I would be with the firm a long time if my services proved satisfactory and if I liked the job that I would be doing.

Q Well then, what did they give you to understand about the Edmonton office, how would it be staffed and so on?

A On that occasion I don't recall that that was talked about. I asked about experience and things of that nature and was told that I would receive my training in Calgary.

Q This was discussed with them, and then, Mr. Hinman, did they inquire as to what education and experience you had up to that point?

A I can't say, sir.

2-K-8

N. Hinman - Clement Ex.

Q Well, could you say whether you told them, gave them any information?

A I would think that those would have been items that they would have been very interested in, and I assume they were discussed.

Q You have no recollection of it?

A No, sir.

Q Do you have any recollection as to what they said would be the size of the Edmonton operation?

A Not at that time.

Q Well then, in any event, with this discussion, what happened? You expressed interest in what they had been saying?

A Right.

Q The proposals that they were making to you, in effect they were proposals for engagement of your services, weren't they?

A Right.

Q And on that basis of that discussion then what happened?

A I told them that I wanted to think about it, and I subsequently did.

Q Did you discuss it with your father?

A Yes, I did.

Q What was the nature of that discussion?

A I told him what they indicated to me the future was.

Q Did he know that they were going to discuss this with you?

A I assume that he did, he told me that they wanted to meet

2-K-9

N. Hinman - Clement Ex.

A (Cont.) me, and so I assume that he knew what their intentions were.

Q Now, when you say he told you that they wanted to meet you, was this before the meeting with you was set up, or did he tell you this when he phoned you to come over to the meeting or whatever happened?

A No, as I recall, he told me in advance that these people expressed an interest in meeting me.

Q All right. So you discussed it with your father, and in the end result, what was said between you?

A Between my father and myself?

Q Yes.

A As I say, I discussed what they had told me and what the future looked like, I was young at the time.

Q This is as you have recounted it already?

A Yes, I was young at the time, as I recall, 21; I had gone to University long enough to get a teacher's certificate so that in the event I ever, couldn't find anything else to do, you might say, I could teach school. I was not particularly interested in pursuing it further. It seemed like to me, a good opportunity and an interesting business.

Q You weren't interested further in any other faculty at the University, I take it, from what you have said?

A No, I ---

Q Very well. So these were things that were in your mind and you discussed them with your father, and what was his advice?

2-K-10

N. Hinman - Clement Ex.

A The advice I got from my father was always the same, to go back to University.

Q And as not infrequently so, not taken. Very well, so you came to the decision to join them, and when did that take place, Mr. Hinman? Oh, did you have some further discussion, perhaps I should ask you that, did you have some further discussion with Marks and Hanen after you had conferred with your father?

A As I recall, I made up my mind and was back in touch with Mr. Marks.

Q Did you go down to see him or what?

A No, I believe the next time I saw Mr. Marks was when he was back in Edmonton arranging an office location.

Q I see. Where was that office located then, on his arrangements?

A It was in --- I don't know whether they call it the Insurance Exchange Building or just what it was, it was behind the Edmonton Journal on 2nd Street south of Jasper Avenue where National Cash Register had recently vacated.

Q There is a one-storey structure there, as I recall, with a number of offices?

A No, it's a two-storey structure.

Q Perhaps you are right.

A There was an insurance company office, above, I have forgotten the name of the company that occupied the second floor, and there were some other tenants and there was another section

2-K-11

N. Hinman - Clement Ex.

A (Cont.) of the ground floor north of us, but I'm sorry I can't tell you who was there either.

Q You say Marks was in town arranging for a lease of this space in this building?

A I don't know whether it was this one or, looking for space.

Q Was that the building in which space was finally acquired?

A Yes, it was.

Q Then, so you saw him on that occasion, what was said between you then?

A I told him that I had decided to join the firm.

Q And that was acceptful then to him?

A Yes, it was.

Q What arrangements were made, was it agreed then and there at that time, at what time you would start or what you would do?

A I believe that he suggested that I be in Calgary on the 15th of November and, as I recall, I went to Calgary on the 15th of November.

Q For what purpose?

A To become acquainted with the operation of the company.

Q Yes. Now, at any time, Mr. Hinman, at any meetings with Marks or Hanen or your father, was there any discussion about difficulties that Farmers and Merchants Trust had had with The Companies Branch, deputy-secretary being, its operations being cancelled by Order-in-Council?

A Not with the three, my father had told me that they had had

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N. Hinman - Clement Ex.

A (Cont.) this difficulty.

Q When did he tell you that?

A Before I made my decision.

Q Why did he tell you that?

A I assume he felt it was something that I should be aware of in making my decision.

Q At the time he told you that, was the registration of the company still cancelled or was it in good standing again?

A Obviously it must have been in good standing because I went to Calgary and they were operating there and one of the things that I was given to read when I was in Calgary, as I recall, the Alberta Gazette or something that referred to what had transpired.

Q Well now, you went to Calgary when for the first time?

A November 15th, 1958.

Q Well, I would like to know, Mr. Hinman, at what period of time, so far as your memory serves you, that your father spoke to you about the difficulties that Farmers and Merchants had experienced with registration?

A I would have to assume that it was after my meeting with Mr. Marks and Mr. Hanen and when I went to him to discuss the possibility.

Q I see, and why do you have to assume that?

A I have no clear recollection.

Q You say that you only had one discussion with your father as to whether you should join Farmers and Merchants?

2-K-13

N. Hinman - Clement Ex.

A I think one discussion, sir, between the time when I met Mr. Marks and Mr. Hanen and when I decided that I would join the firm.

Q Had you had any before then?

A Only when my father suggested that these people would like to meet me.

Q And do you associate this discussion of the Farmers and Merchants' trouble with that first discussion?

A I don't think so, I think it was one of the things that he brought forth when I was considering whether I would join the firm or not.

Q Do you recall anything that was said on that first occasion, that your father mentioned the interest of Marks and Hanen in ---

A No, sir.

Q Well then, Mr. Hinman, you went down to Calgary and what sort of training did they give you there, what sort of experience?

A I worked in the office. The operation at that time was very small, as I recall, there were two girls, Mr. Marks and possibly Mr. Marks' father-in-law in the office. At that time I recall being shown the accounting procedure and taking notes of each step, being given ---

Q Accounting procedure in relation to what?

A Receiving of deposits.

2-P-1

N.E. Hinman - Clement Ex.

A I remember receiving specimens of the various forms and making notations on them.

Q Was there any other kind of business being carried on in the Calgary office at that time?

A None that I was made aware of. My duties and responsibilities were initially going to be strictly to do with taking funds on deposit and so I had no introduction to other aspects other than they borrowed from a law firm a book that had the then Trust Companies Act in it and the Trustee Act and I remember spending one morning reading those.

Q On your own?

A Yes. Subsequently Mr. Marks discussed them with me.

Q Well, in a nut shell then Mr. Hinman the totality of the experience and training you got down in Calgary really had to do with the customers deposits?

A That is right, sir.

Q And was that all that you were expected to deal with up in Edmonton?

A That was all.

Q How long did this period of training go on?

A I spent one full week there, maybe it was longer, I don't know. The office in Edmonton didn't start taking deposits until January 1st of 1959 so basically it went on for a period of forty-five days, you might say.

Q Well the other thirty days, were you back in Edmonton?

A I believe that I was back in Edmonton as I recall most of the

2-P-2

N. E. Hinman - Clement Ex.

A (Cont.) interval between Calgary and --

Q Well, by the time you got back then had premises been acquired and furnished?

A I believe the premises had been acquired, not furnished.

Q I see, and then eventually they opened on January 1st, '59 and did you have anyone to assist you in that operation?

A Yes, an arrangement had been entered into whereby Reo Realities would share office space with Farmers & Merchants Trust Company and we shared a common secretary, stenographer.

Q And this was on 102nd Street south of Jasper?

A That is right.

Q On the west side. Where Reo companies had been before that?

A They had been on the south side.

Q I see, all right, so you moved holus bolus over there and was there an arrangement to share rent or overhead in any way?

A As I recall Reo Realities paid the stenographer fully and I believe Farmers & Merchants paid the rent. I am not sure about the utilities, how it was worked out.

Q Now, let me see if I have this right. As far as Farmers & Merchants is concerned, there was you there and was there any other person paid by Farmers & Merchants?

A No other person.

Q And then there was you and I suppose you took some continuing activity in the office work of the Reo companies?

A No, just a passing interest.

2-P-3

N. E. Hinman - Clement Ex.

Q So there was a girl then who was paid wholly by the Reo companies and did she do stenographic work for both?

A She did.

Q I see, and so that is the way the accounts were evened out, was it?

A As I recall, it was.

Q And did that office generate any business other than deposit accounts while you were there?

A None, sir.

Q None at all?

A Now, I am sorry, before we moved from 2nd Street we took over the administration and property management of one commercial building, as I recall.

Q Was that also in your charge then?

A Yes it was.

Q That is in the sense of an agency in which you looked after the management and rent of space and so on for that building?

A Right.

Q And who obtained that connection?

A Mr. Hanen had an interest in the building.

Q Oh I see. How long were you in the premises on 2nd Street?

A As I recall the lease was for a period of one year and I believe we moved out after a period of eleven months, ten or eleven months.

Q To where?

A 103rd Street north of Hudsons Bay.

2-P-4

N. E. Hinman - Clement Ex.

Q And is that where the company still operates?

A No, we operated from there for a number of years but we have since moved to a Jasper Avenue location.

Q When did you leave Edmonton to go to Calgary?

A January 1st, 1962.

Q That is three years then you were here with the company?

A Yes.

Q All of '59, all of '60 and all of '61?

A That's right.

Q Had the character of the operation changed in any material way during those three years?

A Yes, the business flourished very well. We took on some more property management as I recall, we were appointed Registrar and transfer agent for one small company.

Deposits --

Q Had they reached the million dollar mark by then Mr. Hinman?

A Yes, yes they had sir and I did receive my increase as agreed.

Q As far as trust company work as such, had any developed?

A I believe we took on the administration of our first estate or what was to become our first estate at that time and we probably had some other will appointments but nothing of any consequence.

Q Yes. Well then, had you had any staff additions in that period or was it still the same arrangement?

A No, when I left for Calgary, besides myself we had another gentleman and two ladies.

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N. E. Hinman - Clement Ex.

Q What was his job?

A He dealt basically with the public, opened new accounts and things of that nature.

Q What was your job during those three years?

A I was manager of the office.

Q Well I didn't mean the title, I meant, what were you supposed to do?

A I was solely responsible for the operation of the Edmonton office.

Q Did you have any stenographical help by the time you left?

A Yes, as I say, we had two full-time girls working for us.

Q And I take it from what you said, the great bulk of the work still remained the customers deposits?

A That is right.

Q There had been some growth in agency work in the sense of looking after commercial buildings for others, is that right?

A That is right.

Q And one estate had materialized?

A It was happening just at the time I left.

Q I see, yes, and that is all the trust work you can recall at this moment?

A That's right.

Q Now, why did you come to move to Calgary?

A Well, as I recall Mr. Marks had moved east and south and he approached me and told me that he would like me to take over the Alberta operations of Farmers & Merchants Trust Company, the other operations were taking --

2-P-6

N. E. Hinman - Clement Ex.

Q Just a moment, you said Marks had moved east and south.
Do you recall when he moved?

A Not exactly sir. By this time we had two offices in
Montreal and an office in the Bahamas.

Q You are now speaking as of January 1st, 1961?

A '62.

Q '62, excuse me, yes. As at that date the company had
expanded its operations to the Province of Quebec and did
you say the Bahamas?

A And the Bahamas, that is right.

Q Any place else?

A As I recall, Saskatchewan, sir.

Q And Mr. Marks had taken up his residence where, in Montreal?

A He still retained his house in Calgary but as I recall, I
think his family spent only a few months there the preceding
summer, I believe he was living in the Bahamas at the
time.

Q Well, up until you moved to Calgary Mr. Hinman, were you
familiar with the general operation in Alberta to any degree?
Did you know what was going on?

A No sir, I can't say I had too much knowledge outside of what
I could see happening and what was happening in my own
branch, so to speak.

Q Well, by what was happening, I take it you mean the growth
of the deposit aspect of the business in both offices, is
that correct?

2-P-7

N. E. Hinman - Clement Ex.

A Well in all the offices. I was thinking of seeing the company expand during this period, branches opened in Medicine Hat, also two in Montreal and the one in the Bahamas and naturally I was aware of it.

Q You were aware of this growth?

A That's right.

Q Were you aware of any of the particulars of business in any of the branches?

A Unfortunately not.

Q Well then, as at January 1st from what you said there were three branches in Alberta?

A That is right, sir.

Q Who had been in charge of the Calgary branch?

A Mr. Marks had been in charge before I went to Calgary two other individuals had joined the company, Mr. Ennis was manager of the office and we had a lawyer on the staff at that time.

Q And this was the head office for the Province was it down there?

A That is right.

Q And so far as you knew, what was the character of its business down there, was it mostly deposits or trust work or agency work?

A I believe there was some of that and the investing was done from Calgary.

Q When the Calgary branch had opened up, was it staffed much as the Edmonton one, namely Mr. Marks and a stenographer, or

2-P-8

N. E. Hinman - Clement Ex.

Q (Cont.) what?

A I wasn't associated with the company then but I recall being told that Mr. Marks and Mrs. Marks were the only employees initially in the company.

Q Well actually Mr. Hinman, it hadn't been going on so very long before you joined them?

A No but I had no way of knowing what transpired other than by way of hearsay.

Q So at the commencement then your information was that it was a relatively small operation such as at Edmonton?

A I remember the balance sheet of the company at the time showed assets of four hundred and some thousand dollars with one hundred thirty thousand dollars being on deposit.

Q I think those are in evidence. Now, Mr. Marks then discussed with you your taking over of the supervision of the Alberta operation, is that right?

A That is right.

Q When did that discussion take place?

A It was in the fall of 1961.

Q And where?

A I believe it was in Calgary, sir.

Q And what was discussed then?

A Well Mr. Marks indicated that the company had grown to the point where it needed somebody looking after the Western Canada or Alberta operation and his time was being consumed developing the company's interests in Eastern Canada and the

2-P-9

N. E. Hinman - Clement Ex.

A (Cont.) Caribbean.

Q Yes. Now, did you know who was the principal, who were the people having the principal financial interest in the company at this stage we are talking now about the fall of 1961?

A Yes. It was common knowledge to me by that time that Mr. Marks and Mr. Hanen controlled the company jointly.

Q Yes. Did you have any discussions with -- the name is pronounced Hanen is it? Well, we will understand each other, Hanen or Hanen. Did you have any discussions with Hanen about the operations of the business or your position in it or changes or anything of that sort?

A No as I recall Mr. Marks told me it was a joint decision.

Q I see but you didn't have any discussion with Hanen such as you had with Marks about moving to Calgary and being supervisor of the operation?

A I believe it was Mr. Marks who initially approached me with the idea.

Q Yes, well we have passed that and I am asking now Mr. Hinman if you had any discussion with Hanen about it?

A Obviously I would have.

Q Well I don't know that anything is particularly obvious to me Mr. Hinman, I just want to know whether or not you recall any such or whether you having been told by Marks that it was a joint decision between him and Hanen, you just let it go at that?

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N. E. Hinman - Clement Ex.

A That is right, sir.

Q And terms then were agreed upon as between you and Marks as to moving down, was it?

A Yes they were.

Q As to salary and whatever else was involved?

A Right.

Q And you moved down there early in 1962?

A As I recall, January 2nd.

Q At some point of time you acquired shares in Farmers & Merchants?

A That's right.

Q I think the record shows twenty thousand or am I wrong?

A I presently hold twenty thousand shares.

Q And were those bought in one lot or separately?

A Three, three different --

Q When was the first purchase?

A The first was a gift at a directors meeting in the spring of '61 when I was elected director of Farmers & Merchants Trust Company which required the holding of one thousand shares and Mr. Marks wrote me a letter advising that this situation had taken place and that he and Mr. Hanen would arrange to transfer the qualifying shares to me in the near future.

Q I see, this was in the fall, did you say the fall of '61?

A As I recall it was in the spring.

Q The spring of '61, yes, we have evidence, March of '61 there was a notice of directors filed and were you at the

2-P-11

N. E. Hinman - Clement Ex.

Q (Cont.) shareholders meeting at which you were elected as a director?

A No, I wasn't.

Q Did this come to you out of the blue?

A Yes it did sir.

Q At this stage had there been any discussion of your appointment as a supervisor or whatever the proper title was, of the Alberta operation?

A None.

Q None. Who told you that you were getting the shares?

A As I stated, I received a letter from Mr. Marks, advising --

Q Nothing in it as to what was in his mind except that you were to be a director and this was for qualification?

A That is right.

Q Nothing more than that?

A No.

Q Well, what happened then? What were those shares fetching on the market, do you recall?

A As I recall, there would be no market value, all the shares were held directly or indirectly by the two individuals.

Q The book value would be in excess of the par value, would it not?

A There were profits in those years so I assume that they would have been.

Q All right, what happened from then on?

A I moved to Calgary, as I recall I met Mr. Marks in Calgary between Christmas and New Years and he outlined what he

2-P-12

N. E. Hinman - Clement Ex.

A (Cont.) expected of me and I did move down and on my desk were some notes giving directions, etc. and I assumed the responsibility of the operation of the company in Alberta.

Q And what did you do in the way of discharging that obligation, did you have anything directly to do with the management of each branch or were you merely in a supervisory capacity?

A Supervisory. I was in charge of the branches, I visited the branches from time to time, issued instructions to branches, etc.

Q And what was the principal business of the branches from say January of 1962 onwards?

A In the initial period it was strictly taking funds on deposit and some agency and trust work.

Q Well now Mr. Hinman there has obviously been some quite substantial sums gathered together on deposit in the three branches, what was done with those monies?

A Mr. Marks handled the investing of company funds.

Q At all times whether you were here or there?

A That is right.

Q You had nothing to do with that?

A Not initially, no.

Q Did difficulties break out between Marks and the company?

A Some time later?

Q Yes?

A They did.

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N. E. Hinman - Clement Ex.

Q When was that?

A As I recall, 1963.

Q There is some suggestion it might have been the fall of 1962. I am sorry Mr. Hinman, when did you tell us the date of your trip down to Nassau?

MR. HINMAN SR: '63.

A I am sorry, I have been speaking in terms of the company's year which ends in October so, it would have been subsequent to October 31st, 1962.

Q MR. CLEMENT: Well is it your memory it was the following fall or that fall, the fall or early winter of '62 or the fall or early winter of '63?

A I believe it would be the winter or spring of '63.

Q I am speaking now of an occasion which I am told occurred when you and Hanen met your father at Miami with Marks. Not Hanen, you and the accountant?

A That is right sir, an accountant.

Q Met Marks and your father at Miami. Now, what difficulty was going on then?

A I feel sir that maybe we are getting into an area that if we are going to pursue very far that possibly I should be represented by the company's counsel. I don't know what you are looking for but, you are now starting into an area that I believe involves people other than myself and my father but proceed if you like, on specific --

Q Well, we have already progressed into that matter by Statement of Claim Mr. Hinman and what was involved in it. I am only

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N. E. Hinman - Clement Ex.

Q (Cont.) interested in things which are relevant to the subject matter of the inquiry. It is difficult to know what are relevant things at times until you have asked some questions?

A Right sir. If you will proceed then one by one maybe we can consider them as you pose them.

Q Yes. One thing which is I think of interest is that Mr. Marks did in fact commence an action making somewhat quite remarkable allegations against Hanen and yourself and your father and the company, Farmers & Merchants?

A Very much so.

Q As I have said, we have explored that to some extent already. Now, your father gave evidence that he had been requested to go down to Miami, being in Montreal at the time, to try to see whether or not difficulties between Marks and various subsidiaries by way of Farmers & Merchants could be straightened out because Marks had apparently made investments or used funds or something of that sort in a way which the accountants of the company were not able to fully understand?

A Yes, there was some question as to whether they were properly accounted for.

Q Yes, did anything come of that? Was there any explanation acceptable to the accountants?

A No.

Q What happened as a result of this meeting?

A As a result of that meeting we were met at the International

2-P-15

N. E. Hinman - Clement Ex.

A (Cont.) Airport in Miami, as I recall. Mr. Marks came and met with my father. I later joined them. The atmosphere wasn't too friendly between myself and Mr. Marks and nothing was accomplished.

Q Why was it not friendly between you and Marks?

A I had been pursuing these matters for some time.

Q Requiring explanations from Marks, is that what you mean?

A Correct.

Q And he wasn't giving them or giving satisfactory ones?

A Correct.

Q And you were keeping after him?

A That is right.

Q And he was growing resentful or what was the state of affairs?

A I think things had gone about as far as they could go between Marks and myself and that is why Mr. Hanen called upon my father to mediate under an agreement that apparently they had entered into before I knew.

Q Had you had discussions with Hanen about any of these matters or were you doing this on your own?

A No, Mr. Hanen was a major shareholder in Farmers & Merchants Trust Company and he was naturally well informed and knew what was transpiring.

Q Did he keep a continuous eye on the business or the company, so to speak?

A Mr. Hanen wasn't active in the management but he was a director and took a keen interest in what went on.

2-P-16

N. E. Hinman - Clement Ex.

Q What was involved here in effect amounted to fairly substantial sums, am I right?

A For you and I or, for myself they were substantial sums. For some people possibly not so.

THE COMMISSIONER: Mr. Clement, I think at this point we might adjourn for fifteen minutes.

(The Hearing adjourned at 11:15 A.M.
and resumed at 11:30 A.M.)

3-B-1

N. E. Hinman - Clement Ex.

Q Mr. Hinman, this was put in evidence, Exhibit 524, and identified as being a number of items which were under discussion between Mr. Marks and yourself on behalf of the company and the company's accountants; will you confirm this?

A That's right.

Q There are indeed some rather substantial sums there, aren't there?

A Yes.

Q At least by your standards and mine. Now, tell me, when did you next acquire a block of shares? You have described a thousand that you got when you were made director.

A I purchased seven thousand shares from Mr. Marks early in 1962, in fact probably it was the end of, no, it would have been early in '62.

Q Yes, at what price?

A As I recall \$2.00 a share.

Q Was that in excess of the par value?

A Double the par value, sir.

Q Yes, they were \$1.00 par value shares as I recall; and did you pay for those?

A Yes, I did.

Q With your own money or money which you borrowed or -?

A With my own money.

Q With your own money. Then in all you acquired twenty thousand shares?

A That's with the one thousand that I received as a gift, total eight, and there was a rights offering to shareholders

3-B-2

N. E. Hinman - Clement Ex.

A (Cont.) in 1963 on the basis of one and a half new shares for every share held, and at that time I exercised my rights and purchased twelve thousand more shares.

Q Yes, I see, and what was the offering to shareholders, what price were they offered at?

A \$2.50.

Q Could we now pursue the matter of your position in the company; in January of 1962 you were appointed to Alberta supervisor, was that the term that was used, or Alberta manager, or what?

A I believe I was vice-president of the company at that time, I don't know whether I received an additional title.

Q I see. Then did you go higher in the ranks of the company?

A Following the death of Mr. Fauteux who was president of the company I acted as interim president for a period.

Q Now, Mr. Fauteux is a resident in Quebec City, as I recall, or was it Montreal?

A Outside of Montreal.

Q Somewhere outside of Montreal, and is the position of president one elective by the shareholders or appointed by the directors?

A Appointed by the directors.

Q I see, so that you took part then in the appointment of Dr. Fauteux as president?

A Yes sir.

Q Was it "Dr." or just "Mr."?

A It was "Dr.".

3-B-3

N. E. Hinman - Clement Ex.

Q I thought so, and at that moment of time you were in your recollection vice-president and still in charge of the Alberta operation, is that correct?

A Yes.

Q How long did Dr. Fauteux continue in the presidency?

A I think he was in his second term, it would have been a year plus.

Q I see, was there any other vice-president of the company?

A There may have been. I am sorry, I can't say without looking back.

Q The post of vice-president didn't worry, didn't weight too heavily on you then?

A No, it is one of those things that doesn't mean very much, sir.

Q You just continued in the same job, so to speak, that you had before, is that right?

A That's right.

Q Then upon his death what happened, was there a meeting of directors to make an interim appointment?

A There was.

Q And you were selected, and was any, well, the directors, the president obviously from what you said has to be a director and a holder of qualifying shares?

A Yes.

Q And was this appointment made purely on an interim basis with a view at an appropriate time to make a permanent appointment which would not necessarily be you?

3-B-4

N. E. Hinman - Clement Ex.

A That's right, they came to me and I said I would agree until such time as a more adequate president could be appointed.

Q Well, did they suggest to you that you might be a permanent one?

A No, it was specifically on the understanding that it was an interim situation.

Q I see, with no prospect being held out of a permanent appointment. Then what happened after that?

A I carried on in that capacity for a year plus, as I recall, and then Mr. Donald Ross was appointed president.

Q And where is Mr. Ross?

A Calgary.

Q Are you still with the company?

A Yes, I am.

Q In the same capacity?

A I am general manager of the company.

Q General manager then embraces a wider territory than Alberta, does it?

A It covers the company's entire operation.

Q And are those operations still as you described, Saskatchewan, Quebec and the Bahamas?

A No, Alberta, Quebec and the Bahamas.

Q I see, any Saskatchewan operation you might have had is gone?

A No Saskatchewan operation at this time.

Q You are no longer a director at this time, are you?

A No, I am not.

Q How did that happen?

3-B-5

N. E. Hinman - Clement Ex.

A It was decided that directors of the company should be people other than employees, with the exception of the president of course.

Q That is not an uncommon attitude in a number of companies, is it?

A No, I think that it is quite normal.

Q Yes. Now, there are two other small matter, Mr. Hinman: you became interested in two companies in Calgary, Calgary Oxygen and Calgary Ambulance, in which Mr. Hanen is also interested; under what circumstances did you become interested in those companies?

A My father approached me, and apparently these companies had been going on for some time and it was an association of my father and Mr. Hanen and Mr. Kusch, and apparently the operation hadn't gone quite as well as it had been anticipated when it was commenced, and Mr. Hanen had become rather, how shall we say, disinterested in it, and it was the cause of annoyance to him. My father asked me if I would take over Mr. Hanen's position, which I did, and paid off a loan at the bank that was outstanding at the time, and signed a guarantee for the company.

Q Well now, then are you the principal shareholder of those two companies?

A No, I believe that my father and Mr. Kusch and myself have an equal position.

Q Are you active in it?

A No, I am not.

3-B-6

N. E. Hinman - Clement Ex.
- Hill Ex.

Q I see. I think those are the questions.

THE COMMISSIONER: Fine. Mr. Hill?

MR. HILL EXAMINES THE WITNESS:

Q Mr. Hinman, do you have any recollection of a meeting in July of 1958 with Mr. Hanen and Mr. Marks or one or the other?

A 1958? No, I am afraid that was before my first meeting with these gentlemen.

Q You seem a little bit unsure, could there be some doubt in your mind about that?

A No, I think there is no question but what I met them sometime in the latter part of October, sometime in the month of October.

Q Are you in a position to swear positively that you did not meet them before that date or that you didn't meet them in perhaps July or the summer of 1958?

A I believe I would be prepared to swear I didn't meet them in July, I can't tell you the exact date in October but it was certainly fall, not summer.

Q When I say July I should perhaps include June or part of August in that summer?

A No, as I say, it was fall.

Q Now, can you tell me when the very first occasion was when the thoughts of joining Farmers and Merchants Trust Company were discussed by yourself with any of the other three persons involved in the company?

A As I have stated, my father told me that these people were

3-B-7

N. E. Hinman - Hill Ex.

A (Cont.) interested in meeting me.

Q And when was that?

A October.

Q October. Now, had this subject ever crossed your mind before?

A No, up to that point I am afraid I was totally ignorant of trust company operations or possibly even the existence of trust companies. No, I am sorry, that is not exactly true, my association with trust companies goes back earlier but again it was one that, it was an old charter that happened to be owned by some Cardston people and so I shouldn't say I have never heard of them.

Q Well, what I am interested in knowing is how the subject was first broached, did you broach it to your father or did your father broach it to you?

A My father brought it to my attention.

Q In October of '58, is that right?

A Yes.

Q Did your father indicate to you at that time whether or not he had previously discussed it with Mr. Hanen or Mr. Marks?

A He told me that they had expressed an interest in meeting me.

Q And this was the first knowledge you had of any possibility of your being associated with the company in any way?

A Right, the first knowledge I had of the company at all.

Q Were you sort of at loose ends at that time?

A No, as I recall I was quite busy at that time.

Q With Reo Realities?

A With the Reo companies.

3-B-8

N. E. Hinman - Hill Ex.

Q And with the sand and gravel business?

A Particularly at that time, yes.

Q So that you were remuneratively employed at the time and really had no need for another job?

A That's right.

Q So that you really weren't in the market for another job at that particular time?

A I think that would be, I wasn't looking for a job, that's right.

Q Had you suggested to your father some time prior to October of '58 that you might be interested in going with the trust company?

A I didn't know of the trust company prior to that time so that there is no way I could possibly have done.

Q Now, would you agree with me, Mr. Hinman, that it was a little bit unusual that you were hired by this trust company at that stage?

A In what way, sir?

Q Well, let's look at first of all your experience; you had had absolutely no experience that would fit you for that position with a trust company?

A Nor had Mr. Marks when he commenced the trust company.

Q Well, I am dealing with you right now: is that a fair statement?

A I believe we were all inexperienced at the time, sir, yes.

Q So that you had had no experience at all that would fit you for -

3-B-9

N. E. Hinman - Hill Ex.

A I think I probably had some experience, I had done some selling which lends itself to the trust company business, and you are always engaged in selling your wares as it may be.

Q So that part of it would relate to the real estate part of the trust company?

A The the floor covering part, yes.

Q And in the floor covering business you had had some sales experience?

A That's right.

Q And apart from that, all you had was your high school plus a year at University taking Education?

A And some practical accounting experience.

Q And some practical accounting experience with Reo Realities. If you were going to take a job with the trust company I am sure you would want a lot more specialized training than that, wouldn't you, now that you look back on it?

A I don't know, we find that, in our business that trust people are hard to come by, and I dare say that today ninety-nine percent of the people we employ have never been employed by a trust company before.

Q Could you tell me in the fall of 1968 whether Farmers and Merchants Trust Company at that time had power to accept deposits, '58 I mean?

A At the time I joined the company they had power to accept deposits; as I recall a statement I saw indicated they had \$130,000.00 on deposit then.

3-B-10

N. E. Hinman - Hill Ex.

Q So your recollection is that at the time of the reinstatement of the company's charter it had the power to accept deposits?

A Prior and after, yes.

Q Was there not a gap in time between the time that the trust company was given back its charter and the time that it actually had permission to accept deposits?

A That was before my time, as I recall from reading the Alberta Gazette that was not the case. In addition to The Trust Companies Act there were some other requirements placed on the company, but when they were reinstated they started accepting deposits again; but, I am no expert.

Q Now, during the time that you were associated with Farmers and Merchants Trust Company did the Treasury Branch ever deposit any money with the company?

A No sir.

Q Either directly or indirectly?

A In no way that I was ever aware of, we maintained no accounts with the Treasury Branch or any relationship.

Q Were there any loans arranged through the Treasury Branch with Farmers and Merchants Trust Company at any time while you were associated with the company?

A We never maintained accounts, borrowings, in any way; we dealt with federally chartered banks.

Q Now, in the spring of 1961 you acquired your first shareholdings in the company, which were the thousand shares which were given to you by way of a gift?

A That's right.

3-B-11

N. E. Hinman - Hill Ex.

Q And who was that gift actually from, was that from Mr. Marks?

A I understand it was equally from both, I have never checked to see from whom the shares were transferred.

Q Well, in actual fact what you got was a letter from Mr. Marks advising that he had presumably transferred a thousand shares into your name?

A No, I got a letter from Mr. Marks saying I had been elected a member of the board and that one thousand shares were required and that he and Mr. Hanen would arrange to transfer those to me in the near future.

Q And this was in fact done?

A It was done.

Q And did you receive five hundred shares from Mr. Hanen and another five hundred from Mr. Marks?

A I received a share certificate for one thousand shares.

Q But this was not Treasury stock?

A To the best of my knowledge it was not Treasury stock, it came from some existing shareholder.

Q It didn't come from your father?

A My father has no shares or had no shares in the company then.

Q So that your best recollection is that it must have come half from Mr. Marks and half from Mr. Hanen?

A This is what the letter indicated, that they, Mr. Marks and Mr. Hanen, would arrange.

Q I see, and the par value of those shares at the time was in excess of -

A The par value is one dollar, was then and is now.

3-B-12

N. E. Hinman - Hill Ex.

Q And as I think you told my learned friend Mr. Clement, the actual value of those shares then exceeded the par value?

A Based on book value, as I recall, the value would have exceeded the par value.

Q So that you in effect got a gift that was worth at least a thousand dollars?

A At least a thousand dollars.

Q And there was no question but that that was a gift?

A I think that it could have been considered a bonus for a job that they considered was being done well. It is a gift.

Q Well, are you speculating now when you say it could have been considered? Was there ever any discussion to the effect that you would receive a bonus like that?

A Never any discussion at all, I simply received the letter and subsequently received the share certificate.

Q So that you assume, assumed at the time it was a gift then?

A That's right.

Q So that it was not a bonus from the company because those were shares that were actually coming from two other shareholders?

A That's right.

Q So that it obviously sounds more like a gift then than a bonus from the company?

A Yes, I am sure.

Q And then you later on purchased another seven thousand shares at \$2.00 a share?

A That's right.

3-B-13

N. E. Hinman - Hill Ex.

Q And did those shares come from existing shareholders?

A From Mr. Marks.

Q From Mr. Marks alone?

A Personally.

Q And did you pay him \$14,000.00 personally?

A Yes, I did.

Q Was that in cash?

A In cash.

Q And how old would you have been in 1962?

A I was born in 1937, and if you can figure it quicker than I, well, I would have been twenty-four I guess.

Q Twenty-five?

A Twenty-five.

Q Now, how did you raise the \$14,000.00 to pay for those shares?

A This took place at the time that I had just sold my house to move to Calgary, and I had sold my house for cash.

Q And was your equity in the house equivalent to \$14,000.00?

A No, it would not have been quite that much. I had purchased the house from my father and I have forgotten exactly now -

Q Well, was there another source from which a part of the \$14,000.00 was raised?

A Yes, I had funds of my own.

Q Could you give me a rough idea of the ratio of what you had yourself and what you raised on the house?

A Maybe twenty-five percent.

Q So that your recollection is approximately a quarter came from your own resources apart from the house and the other

3-B-14

N. E. Hinman - Hill Ex.

Q (Cont.) three quarters came from what you realized on the house itself?

A Right.

Q So that you didn't have to borrow any money then?

A Not for that purpose at that time, no.

Q And then the seven thousand shares subsequently did issue into your name?

A That's right.

Q Giving you eight thousand shares?

A Eight thousand shares.

Q Did you have any assistance from your father or Mr. Marks or Mr. Hanen to pay for those shares?

A Certainly not from Mr. Marks or Mr. Hanen; indirectly, I suppose I received assistance from my father.

Q Through the purchase of the house, I suppose?

A That's right.

Q And the other rights offering that was made in 1963, was that made to all the shareholders?

A To all the shareholders.

Q And did the other shareholders exercise that as well?

A The full amount was ultimately taken up and I don't know that every shareholder exercised their own, but those that weren't exercised by the people were exercised and the full allotment was issued and paid for.

3-K-1

N. Hinman - Hill Ex.

Q So the full allotment was then taken up by existing shareholders?

A Right, to the best of my recollection, existing shareholders.

Q There were no new shareholders brought in at that time?

A I'm not prepared to say that there were none, I don't know.

Q In any event, the upshot of the rights offering was that you purchased an additional \$12,000.00 worth of shares at two-fifty a share?

A Right.

Q \$25,000.00 worth?

A I think that would be \$30,000.00 worth.

Q I'm sorry, \$30,000.00 worth.

A If I'm not mistaken.

Q Can you tell me how you paid for those shares?

A By way of a bank loan.

Q And how big was the bank loan?

A I think all in all at that time I had credit with the bank of \$35,000.00.

Q Did you have a personal loan at that time of \$35,000.00?

A I had a credit with the bank of thirty-five thousand at that time, I arranged a credit.

Q And what percentage of the \$35,000.00 was used for these shares, the full \$30,000.00?

A The full thirty thousand dollars.

Q Now, how did you arrange for this loan, what had you used

3-K-2

N. Hinman - Hill Ex.

Q (Cont.) as collateral for it?

A This was in 1960 -- latter part of 1963.

Q You were 26 years old at the time.

A At that time I had substantial equity in a house in Edmonton that I was renting; I had thirty-two head of purebred Hereford cows and calves; I had some nominal stock investments; I had a note receivable from Calgary Oxygen Rental for \$5,000.00; I had a house in Calgary.

Q Did you require ---

A I had 8,000 shares of Farmers and Merchants.

Q Did you require any assistance to obtain this loan apart from what you were able to muster through your own resources?

A I had a piece of land, half interest in a piece of land, yes, my father signed a waiver regarding money that I owed him at the bank.

Q I'm not with you, you say he signed a waiver?

A I owed my father money and they wanted that postponed to their claim.

Q So that your claim would be, so that the bank's claim would be the first charge on this collateral?

A Right.

Q Now, did your father put up any collateral of his own to help buttress this loan?

A Yes, we owned a piece of land together and he let me use the title, his portion of the title at the bank.

3-K-3

N. Hinman - Hill Ex.

Q And did your father endorse the note?

A He didn't endorse the note.

Q But, in any event, he helped you to the extent that he put up his interest in a piece of land as well?

A And waived his first right.

Q His priority. Did Mr. Hanen or Mr. Marks assist you at all to obtain this loan?

A In no way.

Q Had you dealt with this particular bank for a period of time before you negotiated this loan?

A No, I changed banks at this time.

Q How long had you dealt with this bank before you made the loan?

A I changed banks at the time I made the loan, in other words, I made application for the credit and was granted the credit and changed banks at that time.

Q So this bank from which you obtained the loan of \$35,000.00, the credit, was a bank that you had never dealt with before?

A That's right.

Q Had your father dealt with it before?

A Not the branch, I have no knowledge of whether he had or not, I borrowed from the Canadian Imperial Bank of Commerce.

Q Would you not agree it is a little bit unusual like that for a man 26 years old with a fairly low salary to be able to negotiate a loan like that for \$35,000.00?

A I think that my income was fairly good at the time. I had

3-K-4

N. Hinman - Hill Ex.

A (Cont.) fully paid for on the basis of the selling price of the shares, \$20,000.00 worth of stock in the same that I was buying; I had a few thousand dollars in other marketable securities; I had nine or ten thousand dollars worth of cattle, title to a piece of land that was worth \$20,000.00. No, I wouldn't say that it would be unusual.

Q Did you actually pay cash for these shares?

A Yes.

Q \$30,000.00 cash?

A \$30,000.00 cash in the treasury of the company.

Q These were all treasury shares that you bought?

A All treasury shares.

Q Now, during the time that you were associated with Farmers and Merchants Trust Company did you have any dealings at all with any of the government departments?

A Yes, I had extensive dealings with Mr. Warr who was then the Registrar of trust companies.

Q And I suppose this would be in connection with various concessions that the company was trying to get which would enable it all the better to carry on its business?

A I don't think so, sir, no.

Q Well, could you tell me what you are referring to?

A Yes, we were operating a trust company here in Alberta, Mr. Warr was the Registrar of trust companies and he was in charge of arranging for inspections and he was involved in any increase in capitalization of the company, and it

3-K-5

N. Hinman - Hill Ex.

A (Cont.) was he who headed the department that we reported to.

Q Well, let's distinguish between the routine filing of reports required by the Companies Branch and negotiations which would lead to benefits that the company might be seeking, apart from the filing of annual reports or other matters of a purely routine type of nature, did you have any negotiations with Mr. Warr or representatives of his department, which were in relation to benefits that the trust company was trying to get or substantial changes in its charter or object or anything like that?

A No, sir, there was a Trust Companies Act at the time that set out what our powers were and it was not a matter of negotiating, these weren't things to be negotiated, the law was there and we were governed by the law the same as anyone else.

Q Well, can we be a little more specific, can you give me a few examples of these things you are referring to?

A When inspections were carried out, he reported to us on the inspection and we reported back, naturally, and if there were any problems, it was he who brought them to our attention and it was up to us to rectify them.

Q Are you now referring to problems where there may have been perhaps a lack of compliance with the specific wording of The Companies Act?

A Or interpretation possibly.

Q Did you have any serious problems of that kind that were

3-K-6

N. Hinman - Hill Ex.

Q (Cont.) resolved by you and Mr. Warr?

A Not that we resolved with Mr. Warr, no, we had problems, as every company does, but they were things we had to resolve ourselves.

Q Were there any other negotiations held apart from what you have just referred to, these inspections, that were carried out periodically?

A No, I don't think so, as Registrar of trust companies he was interested in the progress of the companies and these were revealed by inspections and our reports.

Q Well, were you at any time during the period that you were associated with the trust company, trying to seek any additional powers or privileges for the company?

A No, I don't think during the period that I was in charge of the affairs of the company, that we made any representations for changes in the Act or anything of that nature.

Q Did you ever have any discussions with Mr. Warr or representatives of his department about the amount of paid-in capital required for the company?

A Yes, at the time that we made the rights offering, it was something that was discussed with both he and the Securities Commission.

Q So you did have some negotiations with his department at that time in relation to the amount of capital that was required to be paid out?

A No, I think it was more with the Securities Commission as

3-K-7

N. Hinman - Hill Ex.

A (Cont.) to the information, etc., that had to be supplied to shareholders at the time.

Q I gather then that negotiations of this kind were dealt with by you in your capacity as an officer of the company, your dealings with, for instance, the Companies Branch, and you have now mentioned the Securities Branch, was this one of the tasks that was primarily assigned to you?

A I think that it was something that I was certainly involved in and probably primarily responsible for, yes.

Q And did you deal with any other government departments apart from the Attorney General's Department and the Securities Branch?

A The Superintendent of insurance, we maintained a real estate agent's license.

Q Going back to the Securities Branch for a moment, apart from just routine inspections that they might make, were you negotiating for any additional rights or benefits or concessions from these people?

A No, as I say, our business wasn't a business where you negotiate for rights or concessions, the Act was there and the attitude was that you followed it, and we did our level best at the time I became associated with the head office of the company, to do this.

Q I gather that your involvement with the Securities Department would have been in relation to the new rights offering that was being put out?

3-K-8

N. Hinman - Hill Ex.

A That's right.

Q And did this involve many meetings with the Securities Branch people?

A I recall two.

Q And did they indicate there was any problem at all in putting out this rights offering?

A As I recall, they felt that the initial information which we forwarded them was not adequate and they specified certain things that they wanted in the information circular.

Q In a prospectus?

A A prospectus wasn't required at the time.

Q And was this information subsequently revised and returned to them?

A Yes, it was.

Q And whatever dealings were had with the Securities Branch were primarily between you representing the Farmers and Merchants Trust Company and whoever represented the Securities Commission?

A In the second meeting and maybe in the first, but certainly in the second meeting it involved myself, a chartered accountant that was employed by the company and a lawyer that was employed by the company.

Q What I am trying to get at, Mr. Marks or Mr. Hanen were not involved to the same, or, at all?

A Not at all.

Q In so far as the dealings between the trust company and these

3-K-9

N. Hinman - Hill Ex.

W. E. Tanner - Clement Ex.

Q (Cont.) various government departments were concerned?

A Mr. Marks was earlier, at this time he was no longer an officer of the company.

Q But latterly this became your responsibility?

A That's right.

MR. HILL: Thank you.

THE COMMISSIONER: Mr. Steer, have you anything?

MR. STEER: No, sir, I haven't.

THE COMMISSIONER: Mr. Friedman?

MR. FRIEDMAN: No questions, sir.

THE COMMISSIONER: Mr. Hinman?

MR. HINMAN: No questions.

THE COMMISSIONER: Mr. Clement.

MR. CLEMENT: I have no further questions, thank you.

THE COMMISSIONER: You may step down.

(Witness steps down.)

MR. CLEMENT: Sir, for personal reasons, Mr. Nolan Hinman would like to be excused, if it is agreeable to you, he wishes to get back to Calgary.

THE COMMISSIONER: Yes, you are excused, Mr. Hinman.

MR. NOLAN HINMAN: Thank you.

MR. CLEMENT: I will call William Tanner.

WILLIAM EZRA TANNER, sworn, examined by Mr. Clement:

Q Mr. Tanner, you make your home in Calgary now?

A I do, sir.

3-K-10

W. E. Tanner - Clement Ex.

Q How long have you lived there?

A Just under two years.

Q And before then where did you live?

A I lived in Edmonton.

Q So about 1966 you moved to Calgary, is that correct?

A Yes.

Q How long had you lived in Edmonton?

A Since '57.

Q Why did you come to Edmonton?

A I sold out my business in Cardston.

Q What business was that?

A In a garage business.

Q Pardon?

A In a garage business.

Q Is that B & R?

A That's right.

Q You sold your interest to whom?

A To Robert Selby.

Q That was 1957?

A Yes.

Q Were you associated with Mr. Hinman, and when I say Mr. Hinman, it will be Mr. Hinman Senior, otherwise I will say Nolan Hinman?

A Yes.

Q Were you associated with him in that business?

A No, sir, he didn't have a, he didn't have an interest in

3-K-11

W. E. Tanner - Clement Ex.

A (Cont.) that business at that time, but we were, had known each other for all my life.

Q Yes. Was there any particular objective in coming to Edmonton?

A No, sir.

Q Did you just come on speculation?

A I was interested in the real estate business, I came up specifically to go into the real estate business.

Q Did you have any prospects in coming up here, an entree into any existing firm?

A Yes, I had made a trip to Edmonton prior to selling out and had arranged employment with a real estate firm.

Q An existing one?

A Yes.

Q Were there more than one principal in that firm you were dealing with?

A In the real estate?

Q Yes.

A Yes, there were.

Q Was your arrangement to buy him out or go with him?

A No, sir, I worked as a salesman.

Q I see. Then when did you first come into business association with Mr. Hinman?

A As a business, we had always had business dealings all my life, but as a business venture as a partnership, we organized a company, I organized a company of Reo Realities.

3-K-12

W. E. Tanner - Clement Ex.

Q That was the first of the Reo companies, was it?

A Yes.

Q You say you always had business dealings with Mr. Hinman, what do you mean by that?

A We had worked back and forth, in fact we had owned a 'plane together, we had business relationships but not partnership arrangements, just dealt back and forth. He was in the automobile business and so was I and known each other over the years. His garage was in Pincher Creek and mine was in Cardston and he lived in Cardston, so our relationship goes back to school days really, business relationship.

Q Then in the sense of joint ventures the Reo Realities was the first one?

A Yes.

Q Then how did it come that you, that Mr. Hinman became associated with you in Reo Realities?

A It was on a discussion that I felt it was, there was good prospects for a real estate company, it was really formed on those bases.

Q Well, what was the division of interest to be?

A The original interest was a fifty-fifty basis, I didn't have a lot of capital and ---

Q Did it require a lot of capital?

A No, sir, it didn't.

Q How much capital did it require?

A About \$250.00 to register the company and all the office

3-K-13

W. E. Tanner - Clement Ex.

A (Cont.) furniture required.

Q And so that business then got under way, did it, in 1958?

A Yes.

Q And who ran it?

A I did.

Q Did Mr. Hinman assist you?

A No, sir, not, no, he didn't assist me. I discussed it on several occasions, but nothing, kept him abreast of it because he had an interest in the company, but he had nothing to do with the management or running it or the operation of the company.

Q And how many were engaged in the work of the company?

A Had five and six salesmen during that time.

Q What was the nature of the real estate work?

A Strictly real estate, strictly commercial, the odd little, strictly residential and the odd little commercial, just a normal real estate business in a small scale.

Q Mr. Tanner, we have had evidence as to the sale of, I'm not sure whether it's assets or shares, obviously it must have been assets of Edmonton Produce which appear to have taken place about 1962, I think, did you have anything to do with that?

A Yes, sir, I was involved in the sale and was aware of it and worked on it.

Q Just tell me how it came to your attention that there was such an offering?

3-K-14

W. E. Tanner - Clement Ex.

A I was associated with Mr. Superstein who owned Edmonton Produce and he indicated his desire to sell it.

Q Now, let's try and get a time sequence on this, you came to Edmonton to engage in a real estate business as a salesman for another concern; you discussed the prospects generally with Mr. Hinman and he agreed to come into a venture with you on that and Reo Realities Limited was incorporated and you were the manager in effect and operated that business?

A Yes.

Q This was in 1958. Now, you subsequently became employed by Superstein, did you?

A Yes.

Q Under what circumstances?

A I looked after, my first association with him was looking after the construction of an apartment and also looking after the construction of the Edmonton Airport Hotel and various doings with Edmonton Produce.

Q Where was the apartment?

A The apartment was near the Royal Alex. Hotel, or, Hospital.

Q Near the Royal Alex. Hospital. Now, were you on his payroll, so to speak, at that time?

A No, sir, I did it on a fee basis.

Q What year was that?

A I think, I think it was in 1959, '59 and '60, I wouldn't ---

Q How did you come to meet Superstein so that you would be

3-K-15

W. E. Tanner - Clement Ex.

Q (Cont.) given this commission?

A It was through a venture at Leduc Apartments.

Q Well, this is the Reo Investments deal?

A Yes.

Q Was this going on concurrently?

A About the same, yes, just prior to this, I guess, Reo Investments was six months or a year prior to this, probably.

Q Well, let's try and gather the things up in a chronological way then, Mr. Tanner, I start out with Reo Realities and you carried on with that, and in addition, Reo Sand & Gravel was incorporated?

A Yes.

Q About the same time?

A Yes.

Q Tell us about that.

A During the time of the construction of the Airport Hotel, I'm sorry, the Airport, I became aware of maybe some need of some gravel, so I contacted a firm out here.

Q You became aware of some need for some gravel, who needed the gravel?

A Tallman Construction, he had an ad. in the paper.

Q Is that how you became aware of it?

A Yes.

Q What did you do about that ad.?

A I went out to the, went out to the construction site and contacted the foreman and asked him what his requirements

were.

3-K-16

W. E. Tanner - Clement Ex.

Q A foreman?

A Well, the foreman on the job Mr. Jack Smith who worked for the construction firm.

Q A superintendent, I suppose, for a job like that?

A I guess he was managing it anyway.

Q So you found out what they required?

A Yes.

Q And then what did you do?

A I went to Devon to see Devon Sand & Gravel to see if they could supply the material.

Q In any event, without laboring it too much, Mr. Tanner, you found a source of supply, did you?

A Yes.

Q And it was from that source of supply that Tallman was furnished?

A That's right.

Q Was this all your activity, I mean, was this all your doing alone?

A Yes.

Q Did Mr. Hinman exercise any influence in lining up Tallman to purchase sand and gravel?

A No, sir, to my knowledge he never did meet him and he was never in any meeting with him and to my knowledge he never did see him or know anything of him.

Q It was all your deal?

A Yes.

3-K-17

W. E. Tanner - Clement Ex.

Q All the acquisition of the sand and gravel, it was your dealings too?

A That's right.

Q You found it and you made the arrangements?

A Yes, sir.

Q And he had nothing to do with it and exerted no influence?

A No, sir.

Q Well, that's Reo Sand and Gravel, I understand that it prospered so long as the construction there was under way and then there was little left for it to do after that?

A That's right.

Q Is that correct?

A That's right.

Q It has done little or nothing since?

A Nothing.

Q Nothing since, all right. That's Reo Sand and Gravel.

Now, Reo Investments, was that incorporated about the same time?

A Yes, sir.

Q I make it about 1958 or '59?

A Yes.

Q Give us some word on that then.

A This was a small company, just a holding company that we were going to use. A project was suggested, a Leduc project was suggested by an individual that it would be a good ---

Q What individual?

3-K-18

W. E. Tanner - Clement Ex.

A Thomas O'Dwyer.

Q Who did he suggest that to?

A To me.

Q Did you know him?

A I had met him, I can't remember exactly where, but I had met him about this time.

Q And you don't remember in connection with what?

A I can't place it, he was a developer of land in the Leduc area and I really can't honestly say how. It didn't mean anything to me, but he had, our trails crossed and I had met him and he suggested this and I proceeded further with it and eventually ---

Q He owned land then, did he?

A Yes.

Q In --

A In Leduc.

Q In Leduc, and from there you started out and what did you do?

A We put together a project.

Q With O'Dwyer?

A Yes.

Q Go ahead.

A Do you want the details or a general ---

Q Well, I don't want to burden the record with unnecessary details, Mr. Tanner, how did it progress?

A It required capital and there were several people put in ---

3-K-19

W. E. Tanner - Clement Ex.

Q There has been an exhibit put in and we have been trying to find the author of it, 494, please. I show you Exhibit 494, Mr. Tanner, are you the author of that instrument?

A No, sir.

Q Have you ever seen it before?

A No, sir.

Q Then you are only adding to the mystery about it, nobody seems to have seen it before, Mr. Turcott laid it on the table.

A I think, knowing, I think Mr. O'Dwyer was the author, but I have no way of knowing.

Q Well, what was the project then?

A About a fifty-suite row housing project in Leduc and the land was purchased from various contractors and had sufficient money to pay its equity with a loan from National Trust, a C.M.H.C. loan; the project was, did not turn out successful because the apartments just didn't rent.

Q Well, there was equity money needed?

A Yes.

Q How was it raised?

A By various people putting up a portion of this money.

Q What people?

A By shareholders' loans.

Q What people?

A The Imperial Garage, Mr. Doug Layton, and Mr. E. W. Hinman,

3-K-20

W. E. Tanner - Clement Ex.

A (Cont.) Mr. Jake Superstein and Mr. Cliff Walker each seventy-five hundred, \$8,750.00 apiece.

Q And what were they to get for their \$8,750.00?

A It was a shareholder's loan and they had a bonus of a few shares in the company, I can't remember exactly the number of shares, but they had a share bonus, had a shareholder's loan to the company.

Q How did you come in contact with Superstein about this venture?

A Mr. Hinman said that he was interested in the project.

Q So you went to see him?

A Yes.

Q Is that the first time you met Superstein?

A It was, sir.

Q How about Walker?

A I did not talk to Mr. Walker.

Q Who did, so far as you know?

A So far as I know Mr. Hinman did.

Q And that's one, did you put money in?

A No, sir, I did not.

Q We have Hinman ---

A Doug Layton, Mr. Layton.

Q Did they come in for one unit?

A No, two units.

Q And Walker and Superstein, who else, O'Dwyer?

A No, sir, he had some, his wife had some shares in the company.

3-K-21

W. E. Tanner - Clement Ex.

Q He just sold the land to the project?

A We bought the land from private contractors as such. When he first came in ---

Q He just had an idea?

A That's right.

Q He didn't have any land?

A He was supposed to have the land, but he didn't when it showed up, we had to buy it privately.

Q Well, that's par for the course. In any event, a deal was got together?

A Yes.

Q Was there any borrowing from the Treasury Branch in connection with it?

A No, sir, there was never anything to do with the Treasury Branch.

Q I see.

A One way or the other.

3-P-1

W. E. Tanner - Clement Ex.

Q Now can you tell us anything Mr. Tanner about what happened after the venture collapsed and I am thinking particularly of Mr. Superstein, was there some issues raised by him about the eighty-seven fifty that he put in?

A In what way do you mean, sir?

Q Did he claim it back, did you have any difficulties?

A Not exactly difficulties.

Q May I have 482 and 483 please? 482 Mr. Tanner is a memorandum of a discussion with you over the telephone on May 5th, 1956. Do you recall such a discussion? Let me show you Exhibit 482. I think it was prepared by a solicitor?

A What did you want, particularly about the Reo Investments?

Q Yes, just dealing with that?

A Yes, there was some question that Mr. J. L. Chapman was handling the affairs for Mr. Superstein. There was some question as to whether or not the shares should be in Mr. Superstein's name or that Mr. Chapman hold them in trust for Mr. Superstein and I think it was later decided to put them straight into his name. This was my understanding and Mr. Chapman released the monies and the shares had actually been prepared but never been registered.

Q Yes, I see. Well then, in 1963, between 1959 and 1963 there was considerable movement in shares of Reo Investments, you increased your holdings I think by one hundred shares?

A Yes.

Q Was that a contribution of capital?

3-P-2

W. E. Tanner - Clement Ex.

A That was supposed to be for my efforts. I received no travelling or efforts put into it and that was to be my share for looking after it and travelling and all my expenses which was never paid five cents for.

Q Reo Well Service was given a block of four hundred forty, was that a contribution toward a unit?

A Pardon, sir?

Q Reo Well Services became a shareholder by 1963, do you know about that?

A I think sir those were the shares Mr. Superstein did not wish at a later date. There was something up in the air but nothing transpired between Reo Well Service and Reo Investments.

Q The memorandum, 482 purports to be reporting information that you gave, I suppose, to Mr. Chapman but, I am not certain?

A I can't recall the telephone conversation that that refers to.

Q The concluding, penultimate paragraph says, Superstein owed twenty-five thousand commission to Reo Well Services with respect to the sale to Ogilvie. We have on record documents about that in which the amount acknowledged turned out to be seventeen thousand?

A Yes sir, our original deal with Mr. Superstein was selling the assets for the original \$25,000.00.

Q What did the assets consist of?

A Building, equipment basically and the land.

3-P-3

W. E. Tanner - Clement Ex.

Q Just getting out of the business?

A Yes sir.

Q And about what year was this?

A Without help I think it would be about '59 maybe, '60 maybe.
I just can't remember exactly.

MR. STEER: You are talking about the sale of
Edmonton Produce?

MR. CLEMENT: Yes.

MR. STEER: That was '62.

Q MR. CLEMENT: It runs in my mind that the sale
was around January of '62?

A Yes, I guess it would be because it was sometime after I
was out of the real estate. I stand corrected there.

Q And was there an asking price in relation to this twenty-five
thousand?

A Well, it hadn't come right down to stock and everything but,
it was around a half a million dollars. You know --

Q That was the general figure on which the commission was
based?

A Yes.

Q What was the terms of the agency Mr. Tanner, did you sit in
on the discussion?

A What do you mean?

Q The initial discussion with Superstein in which he said to
try to sell it?

A Yes sir.

Q You sat in on it?

3-P-4

W. E. Tanner - Clement Ex.

A Yes sir.

Q Did you arrange to meet him, how did you come to be in it?

A Well, more or less I arranged it because of his desire to --

Q And you knew of this because of your dealings in connection with the Leduc venture?

A Yes sir.

Q And you had discussed it with him from time to time?

A Yes sir.

Q So you knew it was in his mind?

A Yes sir.

Q And did you bring Mr. Hinman into this?

A Yes sir.

Q Why?

A Well, he was with the company and I thought it was only right. It was a large deal.

Q Much the largest single deal at this point?

A That is right, of all the rest put together.

Q Yes.

A And I thought it was natural.

Q I'm sorry?

A I thought it was natural.

Q Do you recall what year that this discussion took place?

A I would have to base it on something else. It would be just prior to the sale that was finally made but I would guess about '61, I would guess in that neighbourhood, '61 or '2. But, I can't really --

3-P-5

W. E. Tanner - Clement Ex.

Q And were these details constituting the agency discussed at the session you have described with you and Mr. Hinman and Superstein present and your recollection is that it was sometime in the fall?

A Yes.

Q What happened then? Did you do anything in the way of trying to find a purchaser?

A Yes sir, we had quite a few meetings on various aspects about people forming a co-op to try to take it over or a syndicate to take it over and, we did quite a bit of work in trying to find --

Q This is the syndicate in which the name of Jaasma has been mentioned, amongst others, is that right?

A Yes, and various places.

Q Were these your own personal activities?

A I didn't instigate it but I worked with it considerable.

Q What do you mean you didn't instigate it?

A I didn't, Jaasma headed up the syndicate to take the co-operative but I did work with it.

Q Did you do anything to interest Jaasma?

A Not initially I don't think sir, I don't know where it came from.

Q The co-operative, who initiated this?

A I didn't.

Q You don't know?

A I worked with it but I don't know how it first started up.

Q Yes. Well, did Superstein give you any names or anything

3-P-6

W. E. Tanner - Clement Ex.

Q (Cont.) of that sort, tell you where you might go?

A I can't recall. It was discussed at several instances. It was discussed about different hatcheries and whatnot.

Q All right now, did you have anything to do with suggesting Ogilvie might be interested?

A No sir, I don't think so.

Q You don't know how that came about?

A Not exactly, no sir.

Q Well, did you originate anything?

A Not to finalize a sale, no.

Q I am not asking you about finalizing it?

A I attempted to, yes.

Q Who did you originate a conversation with to see whether you could interest somebody?

A At that time I was over in Vancouver and talked to a few people there.

Q At that time you were over in Vancouver?

A Well at that time I was over there a time or two and I did talk to a few people but nothing materialized from it, and they didn't have the money.

Q Is this as far as your efforts went?

A Yes.

Q You talked to a couple of people in Vancouver?

A Yes.

Q So far as originating interests is concerned?

A Yes.

3-P-7

W. E. Tanner - Clement Ex.

Q There would be nobody else of your staff that would have anything to do with this then?

A No sir.

Q What I am trying to find out Mr. Tanner is what services were rendered for this \$17,000.00? You have contributed very little for it? Is that right?

A Well, that can't be said of any, of lots of real estate deals.

Q I am trying to find out what in fact you did?

A We put some effort on it but, like you say it is hard to --

Q Your own effort, you originated nothing and you only had, only originated a couple of conversations at Vancouver to see if there was interest?

A One thing it was difficult because it needed to be done without big advertising and had to be done very quiet because as you know, this type of a sale has to be handled with kid gloves as you can well realize.

Q Why?

A Because if it gets to be common knowledge he wanted to sell out because if you don't sell --

Q And why did he want to sell out?

A I think mostly health reasons. This is up to him, I don't know, I really don't know, I can't answer that question.

Q Well, I don't want to be unfair about this Mr. Tanner, you recall what happened in August of 1961, you got yourself on a management committee for Edmonton Produce?

A Yes.

3-P-8

W. E. Tanner - Clement Ex.

Q Do you remember that at all?

A Yes.

Q How did that happen?

A I was working with Mr. Superstein to try to get some -- help him with some management problems they had.

Q How did you come to be working with him?

A Because I had worked with him on the apartments and I had worked with him on the hotel and I had worked considerably with that so I wasn't foreign to his problems or his activities.

Q What activities did he have at this time other than Edmonton Produce and the apartment which you have discussed?

A We had the other apartment at the Royal Alex Hospital over here and there was oil industries, this is more or less his business, I don't know all his business but he was a busy man.

Q I am just interested so far as you knew him?

A So far as I knew he had these interests, he had a processing plant in Vancouver and quite a few interests. Farms, he had two farms, turkey growing farms. They were widespread interests.

Q Anything in the south of the Province that you know of?

A Not that I know of, other -- no, I don't think he had anything other than he did work out of -- I was down with him in Lethbridge we used to buy every year ducks and ship turkeys from Lethbridge and the area down there, he was acquainted in

3-P-9

W. E. Tanner - Clement Ex.

A (Cont.) but, he didn't have an oil well or anything like that down in the south.

Q Well, you said he had an oil well or two?

A He was operating some at Wainwright.

Q Oh he did?

A Yes.

Q So, as you say, he was fairly widely spread around?

A I spent some time in Lethbridge for him.

Q Was this on a piece work basis so to speak or salary?

A At this time I was working more or less on a salary basis.

Q When did you start working for him on a salary basis?

A I don't remember offhand but I think about '61 maybe in the turkey season, it was when I went to help him at his poultry producing plant I went on salary basis.

Q Well that would be in the fall of '61?

A I think probably but I can't tell you for sure.

Q But you had up until that time got an impression of his business, you say, a processing plant at Vancouver, processing what, poultry?

A Yes.

Q For shipment in here, or --

A There and back and forth.

Q Was he distributing there as well?

A Yes.

Q A rather exacting business, is it not?

A Yes.

3-P-10

W. E. Tanner - Clement Ex.

Q This produce business?

A Very much so.

Q And he engaged in that down in the Lethbridge area as well?

A Yes.

Q And the oil wells you have mentioned?

A Yes.

Q And the apartments and then, with all this wealth of experience and ability Mr. Tanner we find that in August of 1961 he assembles Mr. Hinman, Mr. Pitcher of the Treasury Branch and yourself to give him some advice on how to conduct Edmonton Produce? Now, it seems a little startling, perhaps you could tell us how that --

A I think it is quite simple, why he was in the industry and in their operation we found a plant near here that was having difficulty financially and we wanted to take in the produce and, I don't know how far you want to go but, this is quite a bit of private business.

Q You are not telling us this management committee was to manage another --

A You asked how it came about, I am trying to explain how it came about.

MR. STEER: Go ahead and say.

A So, I went out to see these people and found out they were involved with the Treasury Branch so, I went to Mr. Pitcher to see what arrangements we could do to get the produce because everything was tied up and, we had a working arrangement for that the Treasury Branch would get -- we could

3-P-11

W. E. Tanner - Clement Ex.

A (Cont.) process and give them their money back, which was Larry's Produce, and this is how we got involved with Mr. Pitcher and he was the collecting agent produce plant at Larry's, at Two Hills.

Q MR. CLEMENT: I am afraid I missed you as to how you got in touch with it in the first instance?

A Larry told me that the Treasury Branch had all the --

Q How did he tell you?

A Because he couldn't sell us his produce.

Q Oh, I see what you mean?

A Because he was tied up.

Q Now we understand how you and Mr. Pitcher get together but my question was this Mr. Tanner, how would you and Mr. Hinman and Mr. Pitcher who is solely a collector be able to afford Mr. Superstein wise and intelligent advice on the internal management of Edmonton Produce which is, you will agree, a pretty big business?

A Well, sir, I think this management group has been taken way out of proportion.

Q I am just asking why?

A Well, this is why Mr. Pitcher was there and probably my association with Mr. Hinman brought him in because I had confidence in his financial abilities and operation, economics and that and that is why I suggested to Mr. Superstein that he could maybe help him work out the profit and loss on various plants but the management committee was not as you seem to make it out, we met a time or two but very short.

3-P-12

W. E. Tanner - Clement Ex.

Q Perhaps we can have the Exhibits and look at those just for a minute.

MR. STEER: 475 and 6.

MR. CLEMENT: 475 and 6, thank you.

Q MR. CLEMENT: This is the first one, 476 -- 475 rather of August 8th, 1961, perhaps you might look at that for a moment?

A Yes.

Q Now, that might indicate a little internal management and bookkeeping and one thing and another that was under discussion, is that so?

A It does indicate the work that was done but as a committee not a great deal, but as employees it involved quite a bit of work which is their job to do.

Q I will just stand over here a little further Mr. Tanner and in reaching me you will be able to reach the Reporter too?

A But it didn't involve very little time of the committee other than employees.

Q You say Edmonton Produce was in good shape financially at this time?

A Well yes I would think so, sir.

Q Operating well?

A Yes sir.

Q Profits seemed to be all right?

A This is a real -- oh, how would you put it. The market fluctuates very much in the industry.

Q Did it seem to be operating normally?

3-P-13

W. E. Tanner - Clement Ex.

A I believe, I think, it had its up and downs but I would say fairly well.

Q Nothing of any particular difference that you could detect or can remember now?

A No sir.

Q That caused these meetings?

A Not in particular, no. I don't think there was any crisis or, an insolvent thing.

Q After this happened, after this management committee ceased to function then came along the question of sale. Well, from what you have told me, the matter of sale had nothing to do with the company not being operated properly, it was still a good solid going concern, was it?

A Yes sir.

Q And it was on that footing that the listing was given?

A Yes sir.

Q Was there a fire?

A Yes there was.

Q Was it of any consequence?

A Fairly extensive, yes.

Q A sale of assets proceeded nevertheless, is that correct or do you know about this?

A No sir.

Q Do you know about it?

A No sir.

Q On what basis was the sale made? I understand the sale was not made until after the fire or can you tell me or perhaps

3-P-14

W. E. Tanner - Clement Ex.

Q (Cont.) you had nothing to do with it?

MR. STEER: The fire insurance was included among the assets that were sold.

A The sale was being negotiated at that time.

Q MR. CLEMENT: I will accept that statement.

Well, were you aware Mr. Tanner that after an introduction had been made by Mr. Hinman of the purchaser, namely Ogilvie Flour, or, its subsidiary to Mr. Superstein that Ogilvie declined to deal other than direct?

A Yes sir, I was aware of that.

Q How did you come to be aware of that?

A Well Mr. Superstein told me that they didn't want a dealing through a real estate firm, they wanted to deal direct.

Q I see, and then you exchanged this correspondence and so on which is on record so that you would have it on record that you had earned the commission and it was payable, is that it?

A Yes sir.

Q Very well, and the matter was finally brought to completion by direct negotiation between Superstein and the Ogilvie interests?

A Yes, I was in on quite a few of those discussions.

Q Sorry?

A I was in on quite a few of those discussions.

Q Oh, perhaps I have got the wrong impression that the dealing direct between Ogilvie interests and Superstein didn't exclude your attendance?

3-P-15

W. E. Tanner - Clement Ex.

A No sir.

Q You were there on some of it, is that right?

A Yes sir.

Q Assisting him in any way?

A I think so, yes but don't ask me what I did.

Q It is a long time to remember. Now, there are a few other points. Did you have any active interest in Reo Well Services?

A Yes sir.

Q Just give us a word about that, how did that come to be incorporated and what happened? Just a summary?

A We purchased an old servicing, dewaxing machine and operated it for just about a year and found it very unprofitable and sold it out. It is that simple.

Q There was no contracting between Reo Well Services and the Government or any department of Government?

A No sir.

Q And no influence being brought to bear by Mr. Hinman on either the acquisition or disposal?

A No sir, he had nothing to do with either.

Q I wonder perhaps if we might go back just a moment to the Leduc venture Mr. Tanner, as a point of curiosity, perhaps you can satisfy me, Hanen from Calgary came into that on a subsequent date, did he?

A Yes sir.

Q How did that happen? I understand he bought Walker's interests?

3-P-16

W. E. Tanner - Clement Ex.

A This is all I was informed that he had purchased Mr. Walker's interest.

Q You know nothing about it personally?

A No sir.

Q Well, I guess we will hear from them both before we are through.

There is another matter of interest, on July 27th, 1961 Superstein put the sum of \$5,000.00 to the credit of Mr. Hinman in the Toronto Dominion Bank. Do you know anything of the circumstances relating to that?

A Yes, I deposited it myself.

Q You deposited it yourself?

A Yes sir.

Q Well give us your recollection of what happened there?

A Yes. A few nights before that Mr. Hinman's brother-in-law and partner got killed.

Q July 24th according to the record?

A And it was the day after that that Mr. Hinman was going down south to take care of the affairs and I can't give you everything in detail but basically what happened, I was going to take him to the train and Mr. Superstein came along with me.

Q This would be the 25th?

A Yes, and he asked Mr. Hinman if he could help him, whether he needed any money to settle the estate and he said, I don't think so, I won't know until I get down there and, a day or

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A (Cont.) two later I talked to Mr. Hinman on the phone and he said he would have to stay down to arrange the affairs a bit before he could get back and in conversation with Mr. Superstein he asked me if I thought this would help him out and I said --

Q Well, let us not run these things altogether too much. Mr. Hinman phoned you?

A Yes, and said he would stay a few days longer.

Q Yes, did he mention anything about the Superstein loan at that conversation?

A No sir.

Q Then what happened?

A Then Mr. Superstein asked me --

Q When was this?

A After I had talked to Mr. Hinman.

Q Yes?

A If he thought he could --

Q Was Superstein in touch with you pretty steadily at that time?

A Yes, I was associated with him and he asked me if I thought he could temporarily use this money and I suggested maybe he could. So, he told me to take this cheque and put it in his account, a loan of \$5,000.00.

Q You knew where Mr. Hinman kept his account, did you?

A Yes.

Q And that is how that happened?

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A Yes sir. It was never considered as a gift at any time in their discussions or my discussions with --

Q Well now, we haven't had too many discussions that you have reported on?

A Well, I had the one discussion at the time and with my discussions with Mr. Superstein it was never considered as anything but a loan.

Q Very well. Now, I want to turn to the Airport Hotel.

THE COMMISSIONER: Mr. Clement, I wonder in view of the time if we might leave that till tomorrow morning?

MR. CLEMENT: Yes sir, thank you. I am sure I would be half an hour or maybe a little less.

THE COMMISSIONER: Yes, well, we will adjourn then until tomorrow morning at nine o'clock.

(And the Hearing adjourned at
1:00 P.M.)

